

STANDING COMMITTEE REPORTS

SCRep. 1 Finance on H.B. No. 1

The purpose of this bill is to authorize funds for the expenses of the Legislature up to June 30, 1988, and also for the expenses of the legislative support agencies during the 1987-1988 fiscal year.

After due consideration of the needs of the Legislature and the legislative support agencies, your Committee has amended the bill to provide specific appropriations as follows:

SENATE AND HOUSE OF REPRESENTATIVES

The amount appropriated for the Senate is \$2,846,853 and the amount appropriated to the House of Representatives is \$3,713,695. Your Committee finds that the amounts should meet the necessary operating costs of the Legislature covering such items as equipment, supplies, staff services and other fundamental expenses.

LEGISLATIVE AUDITOR

Your Committee approves the appropriation of \$1,655,000 to meet the basic operating budget of the Office of the Legislative Auditor. The amount includes funds for special studies and other purposes to be jointly determined by the Speaker of the House of Representatives and the President of the Senate.

STATE ETHICS COMMISSION

Your Committee approves the appropriation of \$270,782 to the State Ethics Commission.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$1,465,934 for the Legislative Reference Bureau. This sum includes an additional \$25,000 for the 1987 Western Legislative Conference of the Council of State Governments to be held in Hawaii. With \$50,000 appropriated by Act 1, Session Laws of Hawaii, 1986, \$75,000 should meet the needs of the Conference.

OMBUDSMAN

Your Committee approves the appropriation of \$416,000 for the Office of the Ombudsman.

LAPSE OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1988.

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

Signed by all members of the Committee.

SCRep. 2 Housing and Community Development on H.B. No. 27

The purpose of this bill, as amended, is to authorize the issuance of \$20,000,000 in general obligation bonds for the development of affordable housing for the elderly for fiscal years 1987-1988, 1988-1989, and 1989-1990.

Your Committee received much support for this measure, and recognizes the need to develop more affordable housing units for this growing segment of the population. The Hawaii Housing Authority testified that as of December 31, 1986, there were at least 1,369 elderly persons on waiting lists for HHA's low-rent public housing units.

Your Committee has amended this bill by inserting \$20,000,000 as the amount to

be appropriated for the next three fiscal years, and by adding "land acquisition" and "design" as activities to be financed by the appropriation.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 27, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 27, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 3 Housing and Community Development and H.B. No. 310

The purpose of this bill is to amend Act 268, Session Laws of Hawaii 1985, to increase the Hawaii Community Development Authority's public facilities bond authorization from \$15-million to \$35-million.

The Authority is currently authorized to issue \$15-million of revenue bonds to finance the development of public facilities in the Kakaako Community Development District. In accordance with Section 206E-2, Hawaii Revised Statutes, public facilities may include facilities such as parks, day care centers, parking structures and other community facilities.

The Authority testified that State government and the private sector have implemented major redevelopment projects in the Kakaako District. Some \$35-million in infrastructure improvements is currently being constructed and two large-scale projects by the private sector have also begun in the same vicinity. The Authority anticipates an increase in development activity and interest in Kakaako as the infrastructure improvement are completed.

In order to accommodate the increased parking needs that future redevelopment projects will generate, the Authority is planning the development of several public parking structures. The Authority testified that the current \$15-million bond authorization would be deleted if it were used to finance a public parking facility. The Authority further testified that timing is critical to the development feasibility of public parking projects and, therefore, additional bond authorization should be in place to meet the future parking needs in Kakaako.

Your Committee is in agreement with the Authority's testimony that additional public facilities bond authorization is needed. This bill increases the bond authorization for public facilities revenue bonds issued by the Authority from \$15- to \$35-million.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 310 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 4 Housing and Community Development on H.B. No. 309

The purpose of this bill is to authorize the Hawaii Community Development Authority to issue revenue bonds which are subject to federal taxation to finance the development of public facilities in the Kakaako Community Development District.

Under Section 206E-153, Hawaii Revised Statutes, the Authority is currently authorized to issue tax-exempt revenue bonds to finance the development of public facilities for the Kakaako Community Development District. These bonds are exempt from all Federal, State and municipal taxation.

According to testimony by the Authority, the Authority had anticipated using these bonds to finance the development of public parking structures in Kakaako. The Authority has found that it is extremely difficult to develop a self-supporting revenue bond program for public parking facilities without the financial support of the State or a private entity. Public parking facilities will not be able to generate sufficient revenues, or parking fees, to cover the costs of the projects' development and maintenance.

The Authority testified that the problem has been compounded with the enactment of the Federal Tax Reform Act of 1986 since it significantly restricts the flexibility and viability of tax-exempt bond financing. In particular, the Tax Reform Act has virtually eliminated the ability of government bond issuers, such as the Authority, to participate with private entities in a project which utilizes tax-exempt bond financing.

The Authority testified that the use of taxable revenue bonds offer an alternative to traditional tax-exempt financing and may be a feasible method of financing public parking facilities. This bill authorizes the Authority to issue public facilities bonds which are subject to federal taxation, however, these bonds will continue to be exempt from all State and municipal taxation. Since these taxable bonds would not be subject to the restrictions of the Tax Reform Act, your Committee believes that this bill will provide the Authority with the flexibility it needs to participate in the development of parking facilities with private entities, and to also develop such facilities in Kakaako with a minimum of government funds.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 309 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 5 Transportation on H.B. No. 29

The purpose of this bill is to require the Department of Transportation to pursue the maritime and commercial interests of state harbors by actively promoting their advantages, and by soliciting business, both domestic and foreign.

Your Committee finds that the statute setting forth the powers and duties of the Department of Transportation does not include the function of promoting state harbors. While the function of promoting state harbors may be implied by existing law, your Committee wishes to remove any potential doubt as to the Department's power and duty to promote state harbors.

Your Committee heard testimony in support of the bill from the Department of Transportation and from the Chamber of Commerce of Hawaii.

Your Committee is in agreement that the Harbors Division of the Department of Transportation should play the leading role in the marketing and development of Hawaii's commercial harbors. As manager of the state's ports, the Harbors Division has detailed, up-to-date information on port infrastructure and on related marine activities.

The Harbors Division, together with the Department of Planning and Economic Development and the Chamber of Commerce, prepared a report in 1986, entitled, "A Plan To Promote Hawaii's Commercial Harbors." The plan reviewed the harbors' marketable aspects and listed several categories of potential customers. The Harbors Division has also worked closely with the maritime business community in developing and maintaining a complex system of state harbors.

Your Committee believes this cooperative approach should continue in conjunction with an ongoing marketing program.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 29 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 6 Agriculture on H.B. No. 361

The purpose of this bill is to appropriate \$50,000 through the Department of Agriculture, for fiscal year 1987-1988, for programs to promote consumer acceptance of Hawaii-grown ginger root, provided that the ginger industry match this sum dollar-for-dollar.

Your Committee finds that over the last ten years, the fresh ginger root industry has been one of Hawaii's fastest growing agricultural industries. The past two years have been particularly encouraging with respect to both production and prices received.

Your Committee also finds that Hawaii's ginger is primarily produced for export to the United States mainland and that competition for the United States market is growing. However, in order to protect the enviable position which the market has recently achieved, further market development and promotion are needed.

Your Committee further finds that since fresh ginger is a relatively new product and many consumers are unaware of its uses, an effective promotional campaign is necessary to educate the consumer regarding the merits of Hawaii's ginger.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 361, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 7 Agriculture on H.B. No. 356

The purpose of this bill is to appropriate a total of \$50,000 for the fiscal years 1987-1988 and 1988-1989 to the Department of Agriculture for programs to promote anthuriums, provided that no funds shall be made available unless matched dollar-for-dollar by the anthurium industry.

Your Committee finds that Hawaii's anthurium industry is primarily an export industry with approximately 75 percent of the flowers marketed being sold on the United States mainland or in foreign countries. However, testimony heard indicates that the depressed European market for anthurium flowers, low-priced flowers from other countries, high tariffs, and high air freight rates are factors that have contributed to low market demands.

Your Committee also finds that the industry has steadily increased its marketing efforts on the U.S. mainland as a result of Hawaii's anthuriums being closed out of the European markets.

It is the finding of your Committee that the anthurium industry has a large potential to increase its contribution to the state's economy if it can develop the markets that exist beyond the mainland West Coast.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 356, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 8 Agriculture on H.B. No. 358

The purpose of this bill is to provide revenues for the support of statewide agricultural activities.

Your Committee received testimony in support of the measure from the Office of the Governor, the Hawaiian Sugar Planters' Association, the Hawaii Farm Bureau Federation, and the University of Hawaii College of Tropical Agriculture and Human Resources.

Your Committee finds that these appropriations will assist the agricultural industry in the State of Hawaii to remain a viable and competitive industry through promotion, research, and education projects.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 358, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 9 Agriculture on H.B. No. 14

The purpose of this bill is to appropriate funds for sugar research and development, including research on alternate crops and by-products, provided that the Hawaiian Sugar Planters' Association provides a dollar-for-dollar match of funds.

Representatives from the Office of the Governor, the Hawaiian Sugar Planters' Association, the College of Tropical Agriculture and Human Resources, and the Hawaii Farm Bureau Federation testified in favor of this bill.

Your Committee finds that the sugar industry is a vital component of the State's economic base, and that the future of this industry is dependent on continuing the research effort which has resulted in the industry's present level of efficiency.

Your Committee further finds that the appropriation would enable the continuation of jointly funded research projects by the State of Hawaii and the sugar industry to conduct research for the purposes of increasing yields and reducing the costs of sugar production.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore, has amended this bill by inserting the sum of \$2.5 million for fiscal year 1987-1988, for sugar research and development, and inserting the sum of \$500,000 to be used for research and development of alternate crops and by-products.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 14, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 14, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 10 Agriculture on H.B. No. 13

The purpose of this bill is to appropriate funds for fiscal year 1987-1988 for the promotion of diversified agricultural commodities.

Favorable testimony on this bill was submitted by the Department of Agriculture, the College of Tropical Agriculture and Human Resources, and the Hawaii Farm Bureau Federation.

Your Committee finds that diversified agriculture is a vital component of the State's economic base and is the fastest growing sector in the agricultural industry with sales of over \$200 million a year.

Your Committee also finds that diversified agriculture represents the most viable alternative for lands given up by sugar and pineapple, and efforts should continue to promote and develop markets for the products of Hawaii's diversified agriculture.

Your Committee further finds that the appropriation would enable the Department of Agriculture to develop the consumer markets rather than concentrate only on low-cost trade promotions, to expand in the area of multi-commodity promotions, and to assist in developing new and fledgling agricultural and food industries.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore, has amended this bill by inserting the sum of \$200,000.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 13, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 13, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 11 Agriculture on H.B. No. 12

The purpose of this bill is to appropriate funds through the state Department of Agriculture to the Pineapple Growers Association of Hawaii, on a dollar-for-dollar matching basis, for the promotion of fresh Hawaiian pineapples.

Your Committee has received testimony in support of this measure from the Chairperson of the Department of Agriculture, the Dean of the College of Tropical Agriculture and Human Resources, and of the Hawaii Farm Bureau Federation.

Your Committee finds that there is an increased demand for fresh Hawaiian pineapple, particularly in the eleven Western United States, and a comprehensive marketing and promotion program has thus been initiated for this purpose. This promotional program began in 1982 and has since continued to produce gratifying results.

Your Committee also finds that despite the success of the program thus far, significant potential for greater market penetration within the West Coast mainland states, and market expansion to other western states currently exists. Continuation of this marketing effort is necessary to generate greater public awareness and to improve the stability of the pineapple industry.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore, has amended this bill by inserting the sum of \$200,000 for each year of the 1987-1989 fiscal biennium rather than appropriate the funds for only fiscal year 1987-1988.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 12, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 12, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 12 Agriculture on H.B. No. 362

The purpose of this bill is to appropriate \$50,000 for the fiscal year 1987-1988 for the promotion of Hawaiian beef products, provided that the funds appropriated under this bill are matched dollar-for-dollar by private contributions.

Testimony supporting this bill was received from the state Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the Maui Cattlemen's Association, and the Governmental Affairs Committee of the Hawaii State Cattlemen's Council

Your Committee finds that the market supply of beef and veal in Hawaii increased from 92.6 million pounds in 1976 to 105.1 million pounds in 1985. Hawaii's share of the market supply over this period averaged 31.2 million pounds and although the market supply has increased within the past few years, the increased amount in the market has been supplied primarily by foreign and mainland producers.

Your Committee also finds that in order to properly promote local meat products and to gain customer acceptance, there is a need for a promotion and market development program similar to the program conducted for macadamia nuts, flowers, and nursery products.

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

Signed by all members of the Committee.

SCRep. 13 Agriculture on H.B. No. 50

The purpose of this bill is to appropriate \$95,028 for the fiscal year 1987-1988, and \$55,200 for the fiscal year 1988-1989 to contain the gorse infestation on the islands of Hawaii and Maui by using conventional control methods and through a biological control program with plant pathogens (diseases).

Your Committee finds that gorse is considered the most serious of all weed pests in pastures and conservation lands on both islands of Hawaii and Maui. The loss of proper use of lands and impacts on hiking, hunting, and other recreational activities are major concerns in Maui's forest reserves where some 400 acres are involved.

Your Committee further finds that although confined primarily to agricultural lands and forest lands in the higher elevations, concern has developed over the spreading of gorse in the Olinda, Kula, and Makawao residential areas on Maui and watershed and agricultural lands along the Hamakua Coast on Hawaii. If gorse is allowed to spread into these areas, it will present a serious fire hazard to residential areas and destroy the watershed capacity of those lands.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 50, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 14 Human Services on H.B. No. 1053

H.B. No. 1053 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 contents. Members of the public cannot be duly appraised, 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1053, as amended herein, and recommends that it be recommitted to the Committee on Human Services, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1053, H.D. 1.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 15 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 10

The purpose of this bill is to expedite availability of tracts of Hawaiian home lands for residential use by appropriating revenues for infrastructure development of Hawaiian home lands.

Your Committee received testimony in support of the bill from the Hawaiian Homes Commission and finds that there is a pressing need to develop infrastructure for new homestead areas due to the increasing number of applicants and beneficiaries.

Your Committee made changes in Section 1, Line 6, of the bill by substituting the words "made available to" with the words "fully used by" in order to make clear that Hawaiian home lots have been awarded, but would be better utilized with a fully developed infrastructure.

Your Committee has left the appropriation amount to be determined by the Finance Committee.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 10, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 10, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 16 Water, Land Use, Development and Hawaiian Affairs on H.B.
 No. 39

The purpose of this bill is to appropriate funds to prepare an economic masterplan for the area between Ala Moana and Sand Island.

Your Committee finds that to provide for sound and informed decision making in the development of the area, coordination of resources is essential.

Your Committee received testimony encouraging "people-oriented uses", such as parks, recreation areas, residences, restaurants and other high density uses which best utilize the view, and your Committee endorses that concept.

Your Committee also received testimony stressing that if a masterplan is to be developed it must take into account present and planned activities of the many private owners and businesses in the subject area.

Your Committee understands that the jurisdiction of the Hawaii Community Development Authority may be expanded beyond Kakaako to encompass much of the area considered in this bill. Your Committee notes that if HCDA's responsibility is expanded to include this area, DPED may well want to use HCDA to prepare the Economic Development Masterplan called for in this Act.

Your Committee feels that the sum to be appropriated out of the general revenues of the State of Hawaii for the development of a masterplan should be determined by the Committee on Finance and has left the appropriation amount blank on page 2, line 15.

Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 39, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 39, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 17 Judiciary on H.B. No. 4

The purpose of this bill is to ensure fairness in elections, protect legitimate reputations of all political candidates and punish those individuals responsible for "smear" campaigns, without any intended chilling effect on the right of free speech under the First Amendment.

Your Committee received H.B. No. 4 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee has therefore 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 contents, and members of the public can 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 Judiciary is in accord with the intent and purpose of H.B. No. 4, as amended herein, and recommends that it be recommitted to the Committee on Judiciary, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 4, H.D. 1.

Signed by all members of the Committee.

SCRep. 18 Finance on H.B. No. 314

The purpose of this bill is to provide a housekeeping and technical corrections measure for the exemption of amounts received for the sale of prescription drugs and prosthetic devices under the general excise tax.

H.B. No. 314 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 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 314, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 314, H.D. 1.

Signed by all members of the Committee except Representative Leong.

SCRep. 19 Finance on H.B. No. 537

The purpose of this bill is to provide a housekeeping and technical corrections measure for the clear, unmistakable and orderly remittance, refund, or forgiveness of appropriate tax relief of natural disaster claimants under the State's Relief for Natural Disaster Losses Law.

H.B. No. 537 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. 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. Thus a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 537, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 537, H.D. 1.

Signed by all members of the Committee except Representative Leong.

SCRep. 20 Transportation and Judiciary on H.B. No. 28

The purpose of this bill is to establish a transportation systems management authority whose duties shall be to plan, develop, promote, and coordinate modes of transportation systems management which are not capital or equipment intensive.

Your Committees heard testimony in favor of this bill from the Oahu Metropolitan Planning Organization and the Chamber of Commerce of Hawaii. The Department of Transportation testified against this bill preferring to have their department, rather than an Authority, address the programs described in this bill.

Transportation systems management (TSM) strategies must continue to be an integral part of our State's transportation plan due to our limited funds, land, and rights-of-way. Examples of such TSM programs include computerizing traffic signals, constructing HOV lanes, utilizing one-way streets and enforcing parking restrictions. It is believed that the creation of a TSM Authority to promote and coordinate strategies such as ridesharing, work re-scheduling, and school re-scheduling would relieve some of the travel demand placed on the transportation system. Government, in the past, has traditionally concentrated on providing transportation facilities and services. In addition, it is essential for government to also enact programs which encourage the optimum use of these existing transportation facilities.

Your Committees find that the major component of a successful TSM Authority is the active participation of the private sector. Without the cooperation of private employers and private schools, the success of TSM strategies would be severely limited. This Authority is envisioned to include representatives of the private sector, so that an optimum impact on our transportation facilities may be realized.

Your Committees have amended the duty of the TSM Authority to include the development, promotion, and coordination of incentives which would enhance and encourage ridesharing, work re-scheduling, and school re-scheduling.

Your Committees on Transportation and Judiciary are in accord with the intent and purpose of H.B. No. 28, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 28, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Peters.

SCRep. 21 Housing and Community Development on H.B. No. 11

The purpose of this bill is to abolish the Aloha Tower Development Corporation and transfer all of its powers, functions and duties to the Hawaii Community Development Authority (Authority).

According to testimony by the Authority, the downtown waterfront area could become a major attraction for the people of Hawaii and its visitors. The Authority indicated there is a need to ensure that the waterfront area is properly planned and development activities coordinated because of its economic importance to the State.

The area from the Aloha Tower Complex to Fort Armstrong is currently owned by or under the planning control of the Aloha Tower Development Corporation, the Hawaii Community Development Authority, the Department of Transportation, and the Department of Land and Natural Resources. For the purposes of coordinating planning and regulating development of the area, the Authority testified in favor of placing these responsibilities with a single agency.

Your Committee is in agreement with the Authority's testimony that the waterfront area is of significance to the State and requires careful planning.

Your Committee has made the following amendments to the bill to facilitate the Authority's efforts to implement the Aloha Tower project:

1. Extend the boundaries of the Aloha Tower Complex to include, generally, all fast and submerged lands makai of Nimitz Highway from Bishop Street to Pier 4.
4. This would include the site owned by the Hawaiian Electric Company.

This boundary change is a logical extension of the Authority's planning jurisdiction since it would place the Aloha Tower Complex area adjacent to the Kakaako Community Development Authority.

2. Require the State to assume payments to the Office of Hawaiian Affairs for claims filed by OHA for ceded lands. This amendment absolves the Authority and the Aloha Tower Complex project from the responsibility of such payments.

3. Add the Director of the Department of Transportation (DOT) to the Authority. Since the DOT owns or controls the majority of the land area within the Aloha Tower Complex, as well as within the proposed extended area, it is important that the DOT be represented on the Authority.

4. Clarify certain provisions relating to the payment of moneys to the DOT by the Authority. These amendments will provide the Authority with the flexibility to structure a feasible project that will attract potential developers. It is noted that these amendments were proposed by the State's Bond Counsel to ensure that any outstanding harbor revenue bonds would not be jeopardized.

5. Add an appropriation of \$250,000 to be expended by the Authority for additional planning of the Aloha Tower Complex project. The Authority testified that this additional work will involve updating data relating to general market conditions, assessing the current development requirements, and updating the Environmental Impact Statement.

6. Delete the provisions relating to the transfer of status of officers and employees of the Aloha Tower Development Corporation. These provisions are unnecessary since the Corporation does not have officers or employees.

7. Other technical, non-substantive amendments.

Your Committee is concerned about the inadequate representation of marine interests on the present as well as proposed Authority board. Your Committee strongly urges the Governor to appoint to the Authority a person possessing marine knowledge or expertise to ensure sufficient representation of the marine interests.

With regard to the extended boundaries of the Aloha Tower Complex, it is noted that the Hawaiian Electric Company (HECO) has expressed serious concerns that the HECO property is being planned for a parking facility. Your Committee strongly urges the Authority to consider the concerns expressed by HECO when planning this area.

Your Committee has reviewed the Legislative Auditor's report on the Aloha Tower Complex project and recommends that the Authority give full consideration to the issues raised in the report.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 11, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 11, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 22 Housing and Community Development on H.B. No. 235

The purpose of this bill is to enable counties to inspect lodging or tenement houses, hotels, boardinghouses, and restaurants to ensure that these facilities are properly licensed and in compliance with the conditions specified in their county licenses. Under this bill, a county may conduct an administrative inspection of a facility with a warrant issued by a judge upon a showing of probable cause that a person is operating without a license or the conditions of a license have been violated. In addition, a county may also inspect a facility without a warrant under certain conditions, including consent by the facility owner, operator, or agent or in situations presenting imminent danger to health or safety. This bill also increases the fine for violations to not less than \$1,000 nor more than \$5,000.

Your Committee finds that currently the counties can inspect such facilities for building code violations, but are not empowered to investigate other types of complaints. As a result, there is a lack of control over the operations of these facilities once a license has been issued. Your Committee believes that this bill would provide the necessary means for the counties to investigate complaints about the conditions and operations of lodging or tenement houses, hotels, boardinghouses, and restaurants to protect the health, safety, and welfare of the residents in the facilities and the people in the surrounding communities.

Your Committee further finds that enactment of this measure would further the legislature's intent to strengthen the laws regulating these facilities as provided by Act 149, Session Laws of Hawaii 1986.

Representatives from the Department of Health and the Commission on the Handicapped testified in favor of this measure.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 235 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 23 Tourism on H.B. No. 15 (Majority)

The purpose of this bill is to require that (1) an unspecified percentage of the transient accommodations tax revenues be deposited into a tourism special fund for grants to each county to be used for transient related infrastructure; (2) an additional unspecified percentage of these revenues should be deposited into the fund for payment of debt service on a convention center; and (3) the remainder shall be deposited into the general fund. In addition the bill further requires

the Director of Taxation to notify the Governor and the Legislature of the amounts deposited into the tourism special fund and the general fund. Further, this bill adds another section to the Hawaii Revised Statutes Chapter 237D to create a tourism special fund from which moneys may be expended by the Department of Accounting and General Services for the purposes mentioned above; and requires the Comptroller to annually submit to the Governor and the Legislature an itemized report of the amounts deposited into the tourism special fund and the general fund.

Your Committee received voluminous testimony in favor of this bill. Although earmarking of the revenues of the transient accommodations tax detracts from the original purposes of the tax, your Committee finds that the tremendous growth of the visitor industry requires that more monies are needed to support Hawaii's most important business. Your Committee believes that the most logical source of these needed funds is the transient accommodations tax, i.e., monies that have been generated by the industry itself.

According to testimony presented by the Hawaii State Association of Counties, due to the tremendous growth of the visitor industry, all the counties within the State have experienced mounting pressure on their existing sewage and refuse disposal systems, roadways, water supply systems, recreational facilities, public transportation, and police and fire systems. This bill recognizes the plight of the counties by earmarking funds for them to improve their streets, parks, and other tourist related infrastructure. In this manner not only does the visitor industry benefit, but so do the residents of the State.

Your Committee believes that dedicating a percentage of the room tax to pay the debt service for the construction of a convention is a wise investment for the future.

Your Committee has noted that there is a growing demand for visitor destination areas with facilities capable of accommodating large meetings and conventions. The construction of a convention center will allow Hawaii to compete for this market, and bolster our visitor industry and the economy of the State.

Your Committee, upon further consideration, has amended this bill as follows:

- (1) References to "certificate fees" for purposes of the percentage of taxes earmarked have been deleted, as the Department of Taxation has indicated that the fees so generated, approximately \$7,000, would be minimal to the State.
- (2) The Director of Planning and Economic Development has been substituted for the Comptroller of the Department of Accounting and General Services as the agent required to annually report to the Governor on the status of the tourism special fund since the Department of Planning and Economic Development would be the appropriate expending agency for said funds.
- (3) The period when funds deposited into the tourism special funds would go for debt service payments for the convention center has been clarified. The bill, as originally written, provided for payment for county infrastructure, debt service, and to the general fund simultaneously. As amended, the bill provides that appropriations from the tourism special fund will be made to the counties up to the time that bonds are issued for construction of the convention center.
- (4) The section creating the tourism special fund has been removed from Chapter 237D, as requested by the Director of Taxation, and set forth in a new section to be appropriately designated by the Revisor of Statutes.
- (5) Technical, non-substantive amendments have also been made for the purpose of style and clarity.

Your Committee has left blank the percentage amount of transient accommodations tax to be deposited into the tourism special fund blank. Your Committee believes that after total review of the budget the Finance Committee would be in a better position to determine what this percentage amount should be.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 15, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 15, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Bellinger.
(Representatives Taniguchi and Yoshimura did not concur.)

SCRep. 24 Tourism on H.B. No. 16

The purpose of this bill is to establish a State authority for selecting a site and undertaking the development and operation of a Hawaii Convention Center.

The lack of a convention facility with adequate meeting and exhibition space is the missing link in an otherwise excellent visitor destination area. Your Committee believes the stable and lucrative market of major conventions and trade shows that could be accommodated in a world-class convention center could generate a substantial amount of additional revenues to the State.

A modern convention center would complete the list of attractions Hawaii offers potential conferences and exhibitions from around the Pacific Rim, placing our State in a unique position for pursuing national and international meetings of major scale.

Your Committee finds that the creation of a convention authority would be a good method of speedy resolution to the highly debated issue of deciding on a site for the Hawaii convention center.

Upon further consideration, your Committee has made the following amendments to this bill:

(1) The Hawaii Convention Center Authority has been designated a Hawaii International Convention Center Authority.

(2) Section 2 of the new chapter has been expanded to include a new subsection (b) delineating the members of the authority. The authority shall consist of nine voting members. The Director of Planning and Economic Development, or a designated representative, shall serve as an ex officio voting member. The Governor shall appoint eight members to the authority pursuant to Section 26-34, Hawaii Revised Statutes.

(3) The powers of the authority have been limited to primarily site selection and delineated as follows:

(a) To adopt rules under chapter 91, Hawaii Revised Statutes;

(b) To appoint a chairperson;

(c) To prepare or cause to be prepared plans, specifications, design, and estimates of project costs for the construction of any project, or from time to time to modify such plans, specifications, design, or estimates;

(d) To make and execute contracts and other instruments necessary or convenient to exercise its power under this chapter, to exercise all powers necessary, incidental or convenient to carry out and effectuate the purposes and provisions of this chapter.

(4) Section 5 of the chapter has been deleted. A new section entitled "Selection of site; decision making" has been substituted in its place. Under this new section the Hawaii International Convention Center Authority shall: (a) select a site within the City and County of Honolulu; (b) meet, conduct public hearings, and hold open meetings; (c) gather information and conduct such studies as are necessary; (d) prepare a written report explaining the reasons for its selection, recommending the means of financing, plans and design for the convention center, and summarizing its deliberations; (e) submit the report to the Governor and Legislature at least 20 days prior to opening day of the 1988 regular legislative session. With regards to the recommended site selection, the Legislature can disapprove of the selection by adoption of a concurrent resolution prior to the adjournment of the 1988 regular session or the Governor may disapprove the selection by a message transmitted to the Legislature prior to adjournment.

(5) A new appropriation section has been added to this bill to carry out the purposes of the Act. The amount of appropriation has been left blank to be filled in after hearing in the House Committee on Finance.

(6) The effective date section of the bill has been amended to add a repeal clause effective Dec. 31, 1988.

It is the intent of your Committee that the International Convention Center Authority also take into consideration condemnation as a mean of obtaining a suitable site for the convention center.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 16, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 16, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Bellinger.

SCRep. 25 Labor and Public Employment on H.B. No. 5

The purpose of this Act is to prohibit retaliatory employment actions against employees in the private and public sectors who either report suspected violations of law or rule to government authority or who are asked to participate in investigative efforts of our government.

Your Committee has reviewed and carefully considered this measure in the context of existing common law and statutory protections afforded the whistleblower and finds that certain modifications to H.B. No. 5 are needed.

First, our Supreme Court has recently developed a common law tort for discharging an employee contrary to public policy in Parnar v. Ala Moana Americana Hotels, Inc., 65 Haw. 370 (1982). The scope of this newly created right, the remedies which are allowed, and the procedures which are applicable have not been judicially determined. Your Committee does not believe that the Legislature should stifle or restrict the developing common law. Therefore, a new section was added to provide that the statutory rights of action created herein are not to be construed to limit the development of the common law or as a legislative pre-emption of the common law on practices sought to be prohibited by this Act.

Second, under existing collective bargaining laws in the public and private sectors, employers and unions are empowered to negotiate the very subject matter covered by this bill. While a review of current collective bargaining contracts indicates few provisions which specifically address concerns of whistleblowers, your Committee believes that, like common law developments, bargaining between employers and unions should be encouraged. Where collective bargaining does result in protection for the whistleblower, your Committee believes that contractual rights, remedies, and procedures should supersede statutory provisions.

Third, the bill imposes the burden of proof on the employee and also establishes a higher standard of proof than normally applied in civil cases. Under existing custom and practice in labor management relations in discharge cases, the burden of proof is placed on the employer. Accordingly, your Committee amended the bill to remove subsection (d) of Section -3, thereby maintaining the existing custom and practice of placing the burden of proof on the employer in discharge cases.

Finally, your Committee amended Section -5 of the bill to provide that a fine of up to \$500 may be imposed for each violation of the chapter.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 5, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 5, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Bellinger.

SCRep. 26 Labor and Public Employment on H.B. No. 40

The purpose of this Act is to expand on the current functions of the State's Risk Manager to focus on establishing a comprehensive risk management plan for the State which emphasizes prevention of accidents and illnesses and to provide for an appropriation for the hiring of a Risk Manager.

Your Committee has reviewed and carefully considered testimony and study on the high rates of accidents in Hawaii and finds that in addition to clarifying and increasing the functions of the State's Risk Manager, a commission should be established to formulate programs and plans designed to reduce the high incidents of accidents and the resulting costs to the public. One of the commission's primary goal is the formulation of a state-wide risk management plan to be presented to the Governor and Legislature before the 1988 legislative session.

Your Committee has amended the bill to establish the commission to commence work on formulation of a state-wide risk management plan.

Subsection (3) was amended to clarify the Committee's intent relative to the Risk Manager's responsibility to read as follows: "Formulate and direct the implementation of a statewide risk management plan...."

In addition, having been informed that the Department of Accounting and General Services has a Risk Manager, your Committee amended Section 5 of the bill to provide for the hiring of additional staff.

Your Committee believes that a comprehensive risk management plan requires the Risk Manager to gather comprehensive information on all claims against the State, including claims arising under the workers' compensation laws. In gathering this information, the bill as drafted, requires the Risk Manager to use the information gathered under existing programs, such as the program established in the Department of Personnel Services on workers' compensation claims without duplicating that Department's efforts.

The cooperation between State and County governments, governmental departments and agencies, labor organizations, businesses, insurance carriers and professionals in the field of actuary science, epidemiology and medicine will be necessary to undertake this mission.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 40, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 40, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Bellinger.

SCRep. 27 Labor and Public Employment and Consumer Protection and
Commerce on H.B. No. 42 (Majority)

The purpose of the Act is to organize and sponsor a conference on Hawaii's worker's compensation State fund created by the Legislature in 1985. The conference will feature a variety of experts on State funds and is intended to bring to Hawaii the experiences and lessons of nineteen other states where some form of state fund has been implemented in the worker's compensation insurance market. The focus of the conference shall be on how best to implement the objectives of the Hawaii fund, examining the most desirable and effective features as well as potential problems and pitfalls that some states may have encountered.

Your Committees have reviewed and carefully considered testimony from various interested groups and organizations regarding the Hawaii worker's compensation State fund and find that an educational conference would be timely prior to the 1988 regular session of the Legislature. An appropriation of \$200,000 is deemed necessary to attract the expertise and to invite all segments of our community to this program.

Sections 1 and 3 of the bill have been amended to replace the Department of Budget and Finance with the Department of Labor and Industrial Relations. Your Committees believe that the Department of Labor and Industrial Relations is the more appropriate agency to report on the findings and recommendations of the conference, and to expend the funds.

Your Committees on Labor and Public Employment and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 42, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 42, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Andrews and Bellinger.
(Representatives Hemmings and Marumoto did not concur.)

SCRep. 28 Ocean and Marine Resources on H.B. No. 20

The purpose of this bill is to establish a Hawaii Ocean Center Planning Council. The Council shall study and review establishment of a Hawaii Ocean Center, study, review, and identify coastal sites that would provide maximum educational and research use, prepare long range plans for design and construction of a facility for a Hawaii Ocean Center, and study and review plans and proposals for the development of submerged observatories and other educational centers.

Your Committee finds that to develop the unique opportunity the ocean offers the people of Hawaii in recreation, transportation, food, energy, mineral mining, and other resources, the Legislature must initiate plans for a high-quality, world-class, self-supporting ocean education and research center.

Your Committee has deleted the third and fourth sections of this bill to eliminate appropriations for the Council in order for the Council to research and prioritize future expenditures.

Your Committee has also amended Section two to specify that the Council will be established under the Department of Planning and Economic Development for administrative purposes and that the Council shall consist of 15 members.

A technical, nonsubstantive amendment was made on page 3, line 20, to correct a misspelling of the word "identify."

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 20, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 20, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Andrews, Hiraki, Kanoho, Tajiri, Isbell and O'Kieffe.

SCRep. 29 Consumer Protection and Commerce on H.B. No. 7

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes which will allow for the creation of insurance exchanges, the appointment of an exchange committee which is to be charged with the responsibility of writing the constitution and by-laws of the exchange, the establishment of an initial board of governors, the regulation of exchange members, and the requirements for membership in the exchange, including capital and reserve requirements.

Your Committee has received testimonies from the Insurance Commissioner, the Risk Insurance Management Society, Inc., the Risk Management Group, Inc., and the Hawaii Independent Insurance Agents Association who testified in favor of the bill, but who expressed reservations about such a major undertaking for the State. Your Committee has received testimony that the development of exchanges will be of economic benefit to the State but will require a great deal of technical and administrative manpower as well as capital commitment.

Accordingly, your Committee has amended the bill by providing that a comprehensive feasibility study be undertaken by the Office of the Legislative Auditor and appropriating out of the general revenues the sum of \$100,000 for fiscal year 1987-1988. Furthermore, your Committee has provided an outline of the parameters of the feasibility study.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 7, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 7, H. D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger and Peters.

SCRep. 30 Consumer Protection and Commerce on H.B. No. 8

The purpose of this bill is to establish a favorable tax rate for captive insurance companies and to allow the formation of industrial insured captive insurance companies. The bill also requires captive insurance companies to maintain unimpaired paid-in capital of not less than \$100,000 for a pure captive insurance company and of not less than \$400,000 for an association captive insurance company incorporated as a stock insurer. The bill further establishes surplus requirements of not less than \$150,000 for a pure captive insurance company and of not less than \$350,000 for an association captive insurance company incorporated as a stock insurer.

In 1986 the Legislature enacted the provisions allowing the licensure and operation of pure captive companies and association captive insurance companies in Hawaii and appropriated \$42,500 to the Department of Commerce and Consumer Affairs to hire the necessary staff to implement the provisions. The Legislature at that time recognized the many benefits to the State from the formation of captive insurance companies.

Your Committee has received testimonies from the Department of Commerce and Consumer Affairs, the Hawaii Independent Insurance Agents Association, the Hawaii State Association of Life Underwriters, the Risk Management Group, Inc., and the Tax Foundation of Hawaii. They have testified that the bill will strengthen the statutory provisions of captive insurance.

Your Committee intends to continue to encourage the formation of captive insurance companies in Hawaii which can become a more competitive domicile for the captive insurance companies.

Your Committee has amended the bill by eliminating the provisions pertaining to industrial insured captive insurance companies. Your Committee has heard testimony that industrial captives are not likely to form captives until more information on association captives are available. Further, the Insurance Commissioner has testified that the requirements of forming a risk retention group are similar to those required for an association captive.

Your Committee has amended the bill also by appropriating \$50,000 for the fiscal year 1987-1988 to be expended by the Department of Commerce and Consumer Affairs so that the agency may implement the purposes of Chapter 431J.

There were discussions among the testifiers regarding the adequacy of the level of unimpaired paid-in capital requirement and the level of surplus requirement and the problem of insolvency. Your Committee intends to address those issues in the future when the information regarding captive insurance becomes more available.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 8, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 8, H.D. 1.

Signed by all members of the Committee except Representatives Bellinger and Peters.

SCRep. 31 Consumer Protection and Commerce on H.B. No. 9

The purpose of this bill is to allow the Public Utilities Commission to implement a program to establish lifeline electricity rates for residential users. The bill will also allow the Public Utilities Commission to authorize electric public utilities a tax credit for offering lifeline electric service rates to eligible residential customers.

Under present law, a public service company tax credit is allowed for lifeline telephone service. The credit is determined and authorized by the Public Utilities Commission, and the amount of credit includes the actual lifeline telephone service costs incurred by the utility. There is currently no statutory provision for a tax credit to electric public utilities offering lifeline electricity service rates to eligible residential customers.

Your Committee has received testimonies from the Department of Commerce and Consumer Affairs, the Department of Taxation, the Public Utilities Commission,

the Commission on the Handicapped, and the Executive Office on Aging. All agencies are in agreement that a lifeline electricity service will benefit the disabled and the elderly, the two most vulnerable sectors of Hawaii's community. This tax credit will also provide fair and equal treatment between telephone and electric utilities by providing both the benefit of a tax credit.

However, the Department of Taxation presented concerns about the method of establishing the rates and the amount of tax credit. Your Committee shares the same concerns, and accordingly, has amended the bill by providing that the electric service tax credit be set at a maximum amount of \$5.00 and by providing that the Public Utilities Commission adopt rules establishing procedures pursuant to Chapter 91 of the Hawaii Revised Statutes. In establishing those procedures, it is the intent of your Committee that the Public Utilities Commission promulgate rules qualifying the same persons for both lifeline telephone and electricity service.

Your Committee also has made technical, nonsubstantive changes to the bill by correcting typographical errors and renumbering sections 4, 5, and 6 respectively.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 9, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 9, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger and Peters.

SCRep. 32 Labor and Public Employment on H.B. No. 132

The purpose of this Act is to eliminate a presumption which links a marital status change to residency which is a condition of public employment in Hawaii.

Your Committee has reviewed and carefully considered the existing laws on fair employment practice and the testimony presented on the subject of residency. We find no basis to continue an existing exemption for a residency requirement based on a person's change in marital status.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 132, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Bellinger.

SCRep. 33 Labor and Public Employment on H.B. No. 53

The purpose of this Act is to appropriate additional funds for an ongoing program to assist dislocated workers from various establishments on the Big Island who are in special need of assistance. The bill appropriates \$26,648 for fiscal year 1988-1989 and \$27,980 for fiscal year 1989-1990 in a grant-in-aid to the County of Hawaii for the dislocated worker program. These sums are to be expended by the Department of Labor and Industrial Relations.

Your Committee, having carefully reviewed and considered the testimonies presented on this measure, has made technical changes to provide that the grant-in-aid will be to the Hawaii County Economic Opportunity Council for the Dislocated Worker Program.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 53, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 53, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Bellinger.

SCRep. 34 Planning, Energy and Environmental Protection on H.B. No. 43

The purpose of this bill is to provide the Department of Health with the re-

sources to upgrade its capacity to monitor food and drinking water for pesticides and other contaminants.

Your Committee finds that pursuant to Act 127, SLH 1985, the Office of Environmental Quality Control, along with the Governor's Technical Advisory Committee on Pesticides submitted its recommendations to the Legislature to improve the regulation of pesticides and other contaminants in Hawaii. Included in the broad set of recommendations presented in its final report, are the specific recommendations included in this bill. This bill will provide the Department of Health with the funding and personnel to: 1) comprehensively monitor for pesticides in food; 2) determine the proper statistical sampling size for research and monitoring of food, animal feed and bottled water; and, 3) monitor for contaminants in drinking water in accordance with the amendments to the Federal Safe Drinking Water Act.

Your Committee has amended this bill by inserting the appropriate funding requirements for the implementation of these recommendations. Your Committee has also amended SECTION 2 of this bill by replacing the incorrect reference made to the federal "Clean Water Act" with proper reference to the "Safe Drinking Water Act".

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 43, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 43, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 35 Education on H.B. No. 18 (Majority)

The purpose of this bill is to require all five year old children to attend a public or private kindergarten.

At the present time, kindergarten attendance for Hawaii's children who are at least 5 years of age on or before December 31st of the school year is voluntary, as the traditional function of kindergarten has been primarily social. However today in addition to social benefits, kindergarten also focuses on cognitive areas of learning, and perhaps more important, provides an opportunity for early identification and remediation of learning deficiencies.

In short, kindergarten can no longer be viewed as a period strictly devoted to socialization and play. The kindergarten process begins the early childhood education continuum and lays the foundation for basic reading, writing, and oral communication skills which are so vitally important to each individual in this State. And in this regard, your Committee finds that there is sufficient professional expertise in support of a mandatory kindergarten program for children of Hawaii. And your Committee further finds that quality early education programs, in a safe and nurturing environment, promote the positive physical, social, emotional, and cognitive development of young children.

Your Committee received testimony from a number of organizations and concerned citizens in favor of the proposal and against it. The Superintendent of Education testified that while the Board of Education had earlier taken an official position against mandatory kindergarten, the Superintendent plans to ask the Board to reconsider its position in view of extensive research indicating:

- (1) that future academic success or intellectual growth of school children is influenced in large part by very early educational experiences;
- (2) that children with kindergarten experience score significantly higher in language and mathematical achievements;
- (3) that a higher percentage of children attending kindergarten experienced regular promotion in their educational careers;
- (4) that children with kindergarten experience made significant gains in language development; and
- (5) that high quality early childhood education programs can be very cost-effective in increasing high school graduation rates and enrollment in post-secondary programs.

Admittedly, testimony from other organizations and concerned individuals argued that parents and guardians and not the State, should have the right to decide when children should begin the formal education process.

Your Committee finds that the arguments and data supporting the concept of mandatory kindergarten are more compelling, and is convinced that the documented benefits of such a program outweigh the negative comments generated. However in recognition of parental and guardian concerns raised, the Committee notes that there are statutory provisions which provide for exemptions from compulsory formal school attendance which may be utilized, if necessary.

Your Committee has amended Section 2 of the bill by simplifying and clarifying the revisions made to Section 298-4 to mandate kindergarten attendance unless otherwise exempted. In addition, a new Section 3 was added to the bill to specify the new compulsory school attendance age of 5 years, and to clarify the method of computation of the new age. Other sections were subsequently re-numbered.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 18, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 18, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bunda, Honda, Shon and O'Kieffe.
(Representatives Say and Taniguchi did not concur.)

SCRep. 36 Education on H.B. No. 17

The purpose of this bill is to reduce the class size of kindergarten and first grade levels in the State's public schools.

There is widespread agreement that smaller class sizes have a very positive effect on the academic achievement of students, student attitudes and behavior, teacher morale, classroom procedures and discipline, and other indicators of quality in the classroom environment. And while the concept of smaller class sizes is not new, earlier attempts to uniformly reduce class size met with failure as prior budgetary constraints, philosophies, and priorities could not accommodate this concept.

However this year the revenue forecasts of the State appear to be favorable, and it is hoped that smaller class sizes for kindergarten and first grade levels will be accommodated in the budget process for the upcoming fiscal biennium.

Your Committee received testimony in general support of the measure from the Department of Education (Department), the Hawaii State Teachers Association, and the Hawaii Association for the Education of Young Children. However it should be noted that while the Department conceptually supports the objective of the bill, the Department indicated that the imposition of inflexible statutory class size limits may adversely impact the Department's ability to effectively and efficiently manage the public school system.

In this regard your Committee is in agreement with the Department, and believes that the Department should be given adequate administrative flexibility to implement class size reduction after systematic planning and consultation with those employees that would directly be affected. Your Committee has therefore amended the bill to provide that class size in the kindergarten and first grade levels is to be determined through the collective bargaining process without any other statutory restriction.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 17, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 17, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bunda, Honda, Shon and O'Kieffe.

SCRep. 37 Education on H.B. No. 297

The purpose of this bill is to authorize the Board of Education to adjust the salary of the State Librarian to that of a department head or equivalent agency.

The Board of Education, the Department of Personnel Services, Friends of the Library of Hawaii and the Public Employees Management Association of Hawaii submitted testimony in favor of the bill.

Your Committee finds that the existing salary limitation which sets the State Librarian's salary at no more than that of a second deputy department head is not appropriate for this position. The State Librarian directs the operations of one of the largest library systems in the world. No other library system in the United States has so many branches located over such a large geographical area.

Your Committee on Education is in accord with the intent and purpose of H.B. 297 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bunda, Honda, Shon and O'Kieffe.

SCRep. 38 Intergovernmental Relations on H.B. No. 31

The purpose of this bill, as received by your Committee, is to reestablish a joint Senate and House Advisory Committee to study overlapping functions between State and County governments, and to make recommendations where consolidation of functions can deliver services in a more efficient and cost effective manner.

Your Committee heard testimony in support of the passage of this bill. Your Committee received testimony from the Intergovernmental Relations Committee Chair of the City and County of Honolulu; the Chamber of Commerce of Hawaii; the Managing Director, City and County of Honolulu; and the Department of Transportation.

Your Committee on Intergovernmental Relations amended the bill to specify an appropriation of \$70,000 for fiscal year 1987 - 1988 to meet the expenses of the Advisory Committee.

Your Committee has also made some technical, nonsubstantive amendments to the bill for purpose of style and clarity.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 31, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 31, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 39 Intergovernmental Relations on H.B. No. 32

The purpose of this bill is to provide grants-in-aid to the counties for improvements to specific portions of county roads to meet State standards. In addition, this bill provides for the transfer of such portions of county roads to the State upon completion of such improvements.

Your Committee finds that the State highway system, established by Act 159, SLH 1965, involving a four phase program of road segment exchange between the State and the counties, has not been completed. The completion of phase three and four of the road segment exchange program is in abeyance as the designated county segments have not been brought up to acceptable state highway standards. Your Committee finds that the necessary repair and maintenance required for the county segments have been deferred by the respective counties due to limited funds being utilized for higher priority projects. Your Committee further finds that funds for county highway improvements are likely to remain limited in the future, resulting in the indefinite deferral in the completion of the State highway system.

Your Committee received testimony from the State Department of Transportation and the counties of Hawaii, Honolulu, and Maui in support of this measure. The State Department of Transportation indicated that "State standards" are continually revised, and that county segments would be acceptable for transfer if brought up to "maintenance standards." The State Department of Transportation also indicated the necessary levels of funding that would be required to carry out the purposes of this bill, and indicated further that the county road segments specified in Sections 3, 6, and 9 are currently acceptable for transfer to the State, and thereby require no funds for improvements.

Your Committee has amended this bill to clarify that the county segments shall be brought up to maintenance standards by effecting the necessary amendments throughout the bill.

As received by this Committee, the amounts to be appropriated by this bill were not specified. Your Committee, therefore, has further amended this bill by inserting the following sums for fiscal year 1987-1988:

(a) \$1,500,000 to the county of Honolulu for improving the 1.0 mile portion of Likelike Highway, Wilson Tunnel.

(b) \$1,702,800 to the county of Hawaii for improving the 18.1 mile portion of Hawaii Belt Road, Kahuku to Honuapo.

(c) \$616,300 to the county of Maui for improving the 3.8 mile portion of Kahekili Highway, Honokokau to Papanahoa.

(d) \$917,000 to the county of Maui for improving the 3.8 mile portion of Mokulele Highway, Kuihelani Highway to Piilani Highway.

(e) \$676,000 to the county of Maui for improving the 2.4 mile portion of Kihei Road, Maalaea to Mokulele Highway.

(f) \$648,700 to the county of Maui for improving the 4.0 mile portion of Kahekili Highway, Waiehu Beach Road to Camp Maluhia.

Your Committee has further amended this bill by deleting Sections 3, 6 and 9, renumbering the remaining sections accordingly, and by making the necessary technical amendments to delete references to the deleted sections.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 32, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 32, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 40 Intergovernmental Relations; Planning, Energy and
Environmental Protection; and Health on H.B. No. 45
(Majority)

The purpose of this bill is to establish a Department of Environmental Protection through the reorganization and coordination of State programs relating to environmental protection and pollution control.

Your Committees find that numerous incidents involving resource and environmental contamination in Hawaii's recent past have revealed the need for the State to move toward a better coordinated and more aggressive program of environmental protection and pollution control. Problems involving heptachlor, EDB, DBCP, endosulfan, TCP and hazardous waste contamination have uncovered serious weaknesses in the State's ability to deal with major environmental contamination emergencies. A primary issue of concern in many past instances of environmental resource contamination has been the clearly evident lack of inter-agency coordination and cooperation in addressing and resolving such problems. The inability of the State to respond quickly and efficiently and the confusion as to which agency holds the primary responsibility for the monitoring, regulation and the protection of the State's environment has resulted in the erosion of the public's confidence in regard to the capabilities of the State's environmental programs.

Your Committees find that environmental issues have taken on such complexity and importance that they deserve priority consideration. Under the State's existing structural arrangement of environmental programs, the placement of related functions within inappropriate or different departments often results in conflicts, unclear objectives and different priorities. The absence of the State's commitment to implement environmental objectives as priority programs has led to the development of a complacent attitude on the part of existing environmental programs to accomplish their objectives. Your Committees find that a redefined focus in the area of environmental protection will enable the State to approach environmental problems and emergencies in a more aggressive and coordinated posture. In this regard, your Committees support the establishment of a centralized Department of Environmental Protection.

Your Committees have amended this bill as follows:

The proposed amendments to Section 341-3 (1), HRS, relating to the powers and duties of the proposed Department of Environmental Protection has been revised to insure that the processes of policy development, planning and coordination within the department shall be carried out in a cooperative manner with affected State agencies.

The proposed amendments to Section 341-3 (6), has been revised to clarify the proposed department's function in the testing of groundwater resources to detect and predict its contamination and to determine its quality.

Similarly, the proposed language to Section 341-3 (17) has been revised to clarify the new department's authority in the inspection of any private property or premises for the purpose of investigating either actual or suspected cases of pollution or contamination.

Finally, Section 341-3 (20) has been deleted from the bill to insure that the department's procedures for policy formulation and submittal of legislation be in accordance with those of existing State departmental procedures.

Your Committees have made several other technical, non-substantive amendments to this bill.

Your Committees on Intergovernmental Relations; Planning, Energy and Environmental Protection; and Health are in accord with the intent and purpose of H.B. No. 45, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 45, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Bellinger, Leong, Peters and Tajiri.
(Representatives M. Ige, Cavasso and Hemmings did not concur.)

SCRep. 41 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 33

The purpose of this bill is to establish an independent Economic Development Council in the Office of the Governor to formulate an economic development policy for the State. Under this bill, as received by your Committee, the Council will have authority to recommend to the Governor and the Legislature appropriate roles for the various state and county agencies engaged in economic development and assist them in coordinating their work and the work of the various county development agencies.

Your Committee finds that one of the State's major objectives is to diversify and expand the economic structure of the State to achieve full employment, increased income and job choice, and improved living standards for Hawaii's people. Your Committee believes that an Economic Development Council will help attain this goal by providing direction and coordination of the various public and private efforts toward economic development in the State.

However, in testimony before your Committee, the Department of Planning and Economic Development expressed concern that such a Council might duplicate some of the duties of the Department.

Upon further consideration, your Committee has amended the bill to address the

concerns of the Department by changing the nature of the Council from that of a body with broad powers to that of a purely advisory body. As amended, the bill establishes a fifteen-member advisory council within the Department of Planning and Economic Development for the purpose of advising the Director of the Department on matters relating to economic development and coordination of economic development activities among the various federal, state, and county agencies and private industry.

In addition, your Committee has not made a recommendation on the specific dollar appropriation for the Council. Instead, your Committee defers to the Committee on Finance to provide the necessary level of funding for the Council.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 33, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 33, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Andrews, Hiraki, Tajiri and O'Kieffe.

SCRep. 42 Water, Land Use, Development and Hawaiian Affairs on H.B.
 No. 34

The purpose of this bill is to stimulate economic growth and enhance the economic competitiveness of Hawaii's industries in the world market by repealing certain taxes to promote investment and to encourage the exports of Hawaiian made and produced goods and services.

As received by your Committee, this bill:

(1) Provides a general excise tax exemption for the sale of tangible personal property shipped or transported out of State for sale in interstate or foreign commerce, whether in finished or unfinished condition, and whether or not sold or the title is transferred at the time such property enters interstate or foreign commerce and including property sold for delivery out of State;

(2) Provides a general excise tax exemption for the gross proceeds or gross income received from manufacturing and producing activities;

(3) Provides that the use tax shall not be imposed on capital goods imported into the State;

(4) Provides that the sale of capital goods to persons shall not be taxable under the general excise tax law provided such goods are used in the business for which the purchaser is licensed or taxed;

(5) Includes manufacturers and producers under the licensing and penalty provisions of the general excise tax law;

(6) Provides that manufacturers and producers shall be exempt from the general excise tax; and

(7) Clarifies that the one-half of one percent rate shall be applicable to situations where the delivery of products is made between affiliated companies or persons.

Your Committee believes that in order to attain a prosperous economy and ensure a meaningful and productive job for all who desire work, the State must create a healthy, supportive business climate. Your Committee finds that this bill will improve the general business climate of the State, assist established businesses to remain in the State, and attract new businesses to the State. Your Committee further finds that the proposed tax relief contained in this bill is a significant effort to place Hawaii businesses in a position to compete vigorously in the world.

Representatives from the Department of Planning and Economic Development, the Manufacturers Association of Hawaii, the Tax Committee of the Chamber of Com-

merce, and the Economic Development Council testified in support of this measure.

However, in testimony before your Committee, the Department of Taxation, while supporting the intent of the bill, noted that the bill, as drafted, would permit tax avoidance and cause administration and enforcement difficulties. Similar concerns were also raised by the Tax Foundation of Hawaii, who also supported the measure. The Tax Foundation recommended that a tax credit be provided instead of elimination of the gross excise tax on certain products and services in order to shift the responsibility from the seller to the buyer.

Upon further consideration, your Committee has amended the bill to address the concerns of both the Tax Department and the Tax Foundation by providing a tax credit for capital goods. However, your Committee also received testimony which indicated that capital goods exemptions exist in other states. Your Committee anticipates further discussion of this issue and strongly recommends that the Department study the administrative and compliance procedures employed in other states which do not tax capital goods purchases.

In addition, your Committee deleted the section on exemption of gross proceeds from all manufacturing and producing activities because of the potential burden such an exemption might have on other taxpayers. It is the intent of your Committee to further study and consider this subject matter.

Your Committee also notes that there was not enough time to thoroughly review the entire Tax Code and make all the technical revisions. Your Committee, therefore, respectfully requests the Committee on Finance and the Tax Department to make the proper amendments, consistent with the intent and purpose of this bill. In the interest of time, your Committee urges the Tax Department to begin work immediately on providing the appropriate technical revisions to this bill for consideration by the Finance Committee.

Your Committee also amended HRS 237-25(d), Relating to Sugar and Pineapple, based on language proposed by the Department of Taxation.

Other major amendments made to this bill by your Committee include clarification of the tax exemptions for tangible personal property shipped out of State and certain computer services and clarification of the general excise tax law with respect to export of manufactured and produced goods.

Your Committee has also made some technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 34, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 34, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Andrews, Hiraki, Tajiri and O'Kieffe.

SCRep. 43 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 36

The purpose of this bill is to establish a Hawaii Industrial Development Corporation with the Hawaii venture capital revolving fund. Under this bill, a nine-member board, appointed by the Governor, will direct the affairs of the corporation. The corporation will have broad powers to provide assistance, including financial aid, to business.

Your Committee finds that encouraging the growth and diversification of the economic structure of the State is an important task necessary to secure our future.

In testimony before your Committee, the Department of Planning and Economic Development, while supporting such economic goals, expressed concern about the financial costs of such a project.

Your Committee, however, finds that such costs are justified and supports the creation of a Hawaii Industrial Development Corporation and the Hawaii venture capital fund. Your Committee believes that the Corporation, with its broad

powers to provide assistance to businesses and to finance new and innovative economic projects through grants, loans, start-up and expansion capital, and other forms of aid is in the public interest to spur economic development, with its attendant employment opportunities and increase in income for Hawaii's people.

Your Committee has amended this bill as follows:

- (a) addition to paragraph (5) on page 5, line 2;
- (b) deletion of the figure "\$500,000" on page 16, line 12, and insertion of the figure "\$1,000,000";
- (c) deletion of the word "Biennial" on page 17, line 17, and insertion of the word "Annual";
- (d) deletion of the word "two" on page 17, line 21; and
- (e) deletion of the phrase "after the expiration of three years from the date of purchase of the qualified security" on page 18, lines 18 and 19.

Your Committee has also made technical and nonsubstantive amendments to the bill for the purposes of style and clarity.

In addition, your Committee has not made any specific recommendation on the funding, deferring to the Committee on Finance to provide the appropriate level of funding.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 36, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 36, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Andrews, Hiraki, Tajiri and O'Kieffe.

SCRep. 44 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 37

The purpose of this bill is to assure individuals the right to sue in the courts of the State of Hawaii to facilitate the administration of the Hawaiian Homes Commission Act and the public trust created by Article XII, Sections 4, 5, and 6 of the State Constitution.

Your Committee received testimony from numerous individuals and groups and from the Office of Hawaiian Affairs, the Department of Hawaiian Homes Lands and the Attorney General of the State of Hawaii.

Your Committee believes that a beneficiary of a trust should have the right to sue trustees if the beneficiary believes that the trust is being improperly managed. Your Committee therefore is in support of passage of this measure after making the following amendments to better balance the equities involved and the constitutional questions raised.

1. The bill has been amended to add provisions for awarding attorneys fees and costs to the prevailing party in appropriate circumstances.
2. The State's waiver of sovereign immunity under the provisions of this bill was clarified by an amendment to the bill.
3. The bill was also amended for purposes of style and clarity.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 37, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 37, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Andrews, Hiraki, Say, Tajiri and O'Kieffe.

SCRep. 45 Water, Land Use, Development and Hawaiian Affairs on H.B.
 No. 38

The purpose of this bill is to establish a Small Business Procurement Assistance Office in the Department of Planning and Economic Development to assist and encourage Hawaii's businesses to participate more in government contracts and subcontracts for goods and services. While your Committee recognizes that an appropriation is required to establish the office, the specific amount is left to your Committee on Finance.

Your Committee finds that the complexity of the government procurement process requires that participants have specialized knowledge and expertise in order to compete successfully with more experienced mainland firms. This bill would assist Hawaii's businesses in participating effectively in the procurement process and would improve the competitive position of local businesses in relation to their mainland competition.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 38 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tajiri.

SCRep. 46 Tourism on H.B. No. 1516

The purpose of this bill is to make housekeeping and technical amendments for imposition of the transient accommodations tax under Chapter 237D, Hawaii Revised Statutes.

H.B. No. 1516 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 in long form so that a public hearing may properly be held on its substantive contents. Members of the public cannot be duly appraised, 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1516, as amended herein, and recommends that it be recommitted to the Committee on Tourism for the the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1516, H.D. 1.

Signed by all members of the Committee except Representative Bellinger.

SCRep. 47 Water, Land Use, Development and Hawaiian Affairs on H.B.
 No. 1005

The purpose of this Act is to appropriate monies to the Office of Hawaiian Affairs.

H.B. 1005 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill 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 be properly held on its substantive contents.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the purpose and intent H.B. No. 1005, as amended herein, and recommends that it be recommitted to the Committee on Water, Land Use, Development and Hawaiian Affairs for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1005, H.D. 1.

Signed by all members of the Committee.

SCRep. 48 Consumer Protection and Commerce on H.B. No. 315

The purpose of this bill is to clarify the administration of certain amounts received by any person or common carrier engaged in interstate or foreign commerce or both as not taxable under the general excise tax.

H.B. No. 315 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 100, as amended herein, and recommends that it be recommitted to the Committee on Consumer Protection and Commerce, for the purpose of holding a public hearing thereon, and in the form attached hereto as H.B. No. 315, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 49 Consumer Protection and Commerce on H.B. No. 410

The purpose of this Act is to update and revise Hawaii's insurance laws. In 1985, the Legislature provided funds to the Insurance Commissioner for a comprehensive review of the insurance laws. The report on that review, with its recommendations for revisions, was submitted to the 1987 Session and provided the basis for this Act.

H.B. No. 410 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 410, as amended herein, and recommends that it be recommitted to the Committee on Consumer Protection and Commerce, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 410, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 50 Consumer Protection and Commerce on H.B. No. 1524

The purpose of this Act is to amend the insurance law.

H.B. No. 1524 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1524, as amended herein, and recommends that it

be recommitted to the Committee on Consumer Protection and Commerce, for the purpose of holding a public hearing thereon, and in the form attached hereto as H.B. No. 1524, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 51 Judiciary on H.B. No. 1397

The purpose of this bill is to provide for arbitration to resolve international commercial disputes and to assure access to the courts of this State for legal proceedings ancillary to such arbitration.

Your Committee received H.B. No. 1397 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee has therefore 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 contents, and members of the public can 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 Judiciary is in accord with the intent and purpose of H.B. No. 1397, as amended herein, and recommends that it be recommitted to the Committee on Judiciary, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1397, H.D. 1.

Signed by all members of the Committee except Representative Peters.

SCRep. 52 Judiciary on H.B. No. 210

The purpose of this bill is to compensate victims of certain crimes and providers of services under the Criminal Injuries Compensation Act and provide appropriations to replenish the fund from which payment of awards have already been made.

The Department of Social Services and Housing presented testimony in support of this measure.

Your Committee recognizes the tremendous worth of this program which was established in 1967 to protect the State's residents and visitors at least in part, from the consequences of criminal acts. Since the inception of the program, the commission has awarded a total of \$5,052,198.67 to 4,330 persons whose claims have been approved.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 210 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 53 Judiciary on H.B. No. 641

The purpose of this bill is to provide for an appropriation for the Family Violence Program of the Waikiki Community Center. The appropriation will fund a therapeutic mediation program for contested divorces involving a history of spouse abuse.

Your Committee heard testimony in support of the measure from the Department of Health, the Family Court, the Program on Alternative Dispute Resolution, the Honolulu Prosecutor's Victim/Witness Kokua Services, the Neighborhood Justice Center, the Waikiki Community Center and the Commission on the Status of Women.

In cases of divorce, the Family Court has adopted rules for "presumptive mediation" where parties are unable to reach a negotiated agreement after the

filing of a complaint. Traditional mediation, however, is not advisable for individuals whose relationships are violent in nature. A prior history of physical or psychological abuse imposes a vulnerable and unequal bargaining position for mediation. Such a history may also create a danger for the victimized partner.

Your Committee feels the specialized therapeutic mediation program of the Wai-kiki Community Center will serve to help both parties enter mediation in a relatively equal bargaining position.

As this is an unprecedented model program, your Committee will require a year-end evaluation. Your Committee has therefore amended the bill to appropriate an additional sum of \$20,000 for an independent evaluation. The Administrative Director's Office of the Judiciary is the expending agency.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 641, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 54 Judiciary on H.B. No. 288

The purpose of this bill is to provide an appropriation for fiscal year 1987-1988 to the Witness Security and Protection Program, which provides security and protection to government witnesses in criminal proceedings.

Your Committee heard testimony in favor of the measure from the Attorney General, the Honolulu Police Department and the Victim/Witness Kokua Services of the city and county of Honolulu.

The program was established by the Legislature to provide special protection for witnesses and victims who testify in criminal proceedings. Assuring the safety and comfort of victims and witnesses increases the likelihood that they will testify. This enhances prosecution of the case and increases the likelihood of conviction. The program operates under strict guidelines promulgated by the Attorney General and the Governor's planning committee on crime.

Your Committee noted that the funds currently cover such expenses as food, lodging, relocation and emergency medical expenses, as well as other additional expenses such as overtime costs in providing witness security. In the past, no funds were awarded for personnel costs, which is the major expenditure in providing witness protection, but revisions are being considered to the guidelines which would allow such costs.

Your Committee amended this bill to recommend funding of the program at the level of \$300,000 which would provide the additional funds needed to cover some of the personnel costs. The original bill contains a blank appropriation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 288, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 55 Judiciary on H.B. No. 140

The purpose of this bill is to extend the Hawaii Criminal Justice Commission for eight years to June 30, 1996 and provide \$594,940 to operate the commission for fiscal year 1988-1989. In addition, the functions of the commission are redefined and broadened to include information and educational programs on crime and crime prevention as well as the criminal justice system.

Your Committee received testimony in favor of this measure from the Hawaii Criminal Justice Commission and the City and County of Honolulu Police Department.

Your Committee recognizes the tremendous value of this commission in dissemi-

nating to the community information and education programs on crime and crime prevention. Programs such as the McGruff Elementary School puppet program and made-for-TV shows on subjects such as driving under the influence of intoxicating liquor not only heightened public awareness of crime but provided helpful measures to protect persons against crime.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 140 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 56 Judiciary on H.B. No. 1874

The purpose of this bill is to finance the Victim-Witness Assistance Program by authorizing the Department of the Attorney General to expend the sum of \$712,426 toward this end in fiscal year 1987-1988.

In 1986, the Thirteenth Legislature established a permanent victim-witness assistance program with the enactment of H.B. No. 1691, later Act 204.

This program employs counselors who assist victims and witnesses in understanding the justice system as they proceed through it. Victim-witness assistance units are housed within the offices of the county prosecuting attorneys where they assist staff with various duties.

Your Committee received testimony in favor of this measure from the Victim-Witness Kokua Services, the Hawaii and Kauai county prosecuting attorneys, the Hawaii State Committee on Family Violence and the Sex Abuse Treatment Center of Hawaii.

Currently, the counties provide funding in excess of the 25 percent match required by Act 204. Your Committee recognizes the importance of the victim-witness assistance program and this measure demonstrates the State's commitment in this area.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1874 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 57 Judiciary on H.B. No. 440

The purpose of this bill is to provide an appropriation for the fiscal year 1987-1988 to community based facilities on Oahu, Hawaii, Maui and Kauai which provide counseling and community education for victims and perpetrators of family violence.

Under Chapter 586 of the Hawaii Revised Statutes, relating to domestic abuse protective orders, the court may mandate counseling for an abusive spouse or parent. This has resulted in significant increases in the number of persons referred to the various domestic abuse counseling programs. This appropriation request is therefore intended to supplement those programs that service court mandated referrals.

Your Committee received testimony in support of the measure from the Alternatives to Violence Programs on Maui, Kauai, Oahu and Hawaii with supporting testimony from the courts and prosecuting attorneys on each of the islands.

Your Committee finds that domestic violence is one of the most often repeated crimes in Hawaii. Without intervention, domestic abuse usually increases in frequency and severity. It often leads to a "cycle of violence" where children often copy patterns of violent behavior in response to their own anger and frustrations. The only real hope of breaking this cycle of violent behavior is to address and attempt to change the behavior and attitudes that are an integral part of this phenomenon.

The recently published study of the Oahu Spouse Abuse Task Force, Breaking

the Cycle of Violence, reports that adequate funding of programs are crucial to provide appropriate services as near as possible in time to the abusive incident. This may be the only way to change such behavior.

Your Committee believes that if the courts mandate referrals to these programs, the legislature should fund the program at sufficient levels to provide quality services to families with a history of domestic violence.

Your Committee amended the bill by correcting the name of the Maui program to Women Helping Women Alternatives to Violence Program.

Your Committee on Judiciary is in accord with the intent and purpose of this bill and recommends that it pass Second Reading in the form attached hereto as H.B. No. 440, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 58 Health on H.B. No. 47

The purpose of this bill is to create within the Department of Health, in co-operation with the Department of Education, a teenage health program to provide substance abuse counseling to all public school students in grades 10 to 12 (high school).

Your Committee received testimony in support of this bill from the Department of Health, the Department of Education, as well as the Hawaii Medical Association, Hawaii Psychological Association, and others.

While many supported the concept, there was a general recommendation that to focus only on drug abuse would be too narrow a perspective. Among the areas suggested for inclusion in the purpose and content of a teenage health program are: self regard and self esteem; awareness of the influences of peers, family, emotions, etc; coping and communication skills, and a strong relationship between teenagers and parents.

Your Committee feels it is important to direct this new program toward the basic causes of teen health problems, and not only the symptoms.

Consequently, your Committee has amended the bill to broaden the scope of the teenage health program, and to include specific guidelines to ensure that the diverse need and values of parents and teens will be served by the program.

Your Committee also believes that this program will need the support of many groups and perspectives. In order to assure some of the legislative overview as this sensitive program develops, your Committee recommends an initial funding request of \$50,000 for the first year only, with the intent that next year the departments of health and education can report back to the Legislature their estimated financial requirements and the proposed content of the program.

Your Committee has also made some technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 47, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 47, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 59 Health and Judiciary on H.B. No. 46

The purpose of this is to increase the excise tax on tobacco products to eight per cent at point of retail sale, require a sign with the statement "THE SALE OF TOBACCO PRODUCTS TO PERSONS UNDER EIGHTEEN IS PROHIBITED" to be posted at any vending machine or location where tobacco products are sold and prohibits the sale of tobacco products to persons under the age of eighteen. In addition, the penalty for the above provision is changed to be not more than \$500.

The Hawaii Public Health Association noted that the use of tobacco products is the single most important preventable cause of death and illness in the nation. Cigarette smoking is directly linked as a cause of such serious health conditions as heart and cardiovascular diseases; lung and respiratory diseases; increased incidence rates of miscarriage, birth defects and low birthweight babies born to mothers who smoke; and many types of cancers. In addition to harming themselves, it is also well documented that smokers cause health hazards to non-smokers present in confined areas. Also, smokeless tobacco products such as snuff and chewing tobacco are associated with oral cancer.

Your Committees received overwhelming testimony in favor of regulating smoking and raising the age for which tobacco products can be sold. Among the findings were that 90% of smokers start smoking prior to the age of 20, and currently 15-20% of young people in Hawaii's intermediate and high schools now smoke. A recent Surgeon General's Report states that the earlier a person begins to smoke as a teenager, the less likely he or she is to quit smoking as an adult, and the more likely he or she is to be a heavy smoker. The report also notes the strong dose response effect between smoking at an early age and mortality from smoke related diseases. By increasing taxes on tobacco products and by increasing the age at which youth may purchase them, these two concerns are met.

Your Committees further find that nationally approximately 5,000 children and teens must start smoking everyday to support the current tobacco market. Studies have shown that 10% increase in cigarette prices produces a 4% decrease in smoking among adults, and a 14% decrease in smoking among teenagers. Most of this decrease is derived from individuals who choose not to take up cigarette smoking.

The most controversial part of this bill is the proposed increase in the tax of tobacco products. Your Committees find that the Attorney General, the Director of Taxation, and the Director of Health need more time to discuss the best way in which to implement such a tax increase. There are both legal and philosophical complications to the proposal. Nearly everyone felt that if the tax was increased, it should not be at the wholesale level, but at the point of retail sale.

In order to continue the discussion on the tax issue, your Committees have amended the bill to substitute a retail tax for the original wholesale tax increase. It is the intent of the Committees that sincere efforts be made by all concerned to work out a compromise of the tax issue during this session.

Your Committees on Health and Judiciary are in accord with the intent and purpose of H.B. No. 46, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 46, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Leong and Yoshimura.

SCRep. 60 Judiciary on H.R. No. 59

The purpose of this resolution is to request that the Governor direct the Attorney General to appeal the federal court decision noted above in the bill name.

Representatives from the Hawaii Rifle Association, Hawaii Island Archery Club, Sportsmen of Hawaii and the Oahu Aquatic Life and Wildlife Advisory submitted testimony in support of this resolution. The testimony indicated that the Palila bird and the Mouflon sheep can co-exist in the same habitat. They apparently occupy different sides of the world's largest mountain named Mauna Kea. Furthermore, the decision of the federal court leaves unanswered questions about the method and extent of implementation of the Court's decision. Also unknown is the decision's impact on other wildlife on Mauna Kea.

Your Committee on Judiciary is therefore in accord with the intent and purpose of H.R. No. 59 and recommends its adoption.

Signed by all members of the Committee except Representatives Hagino and Peters.

SCRep. 61 Judiciary on H.C.R. No. 33

The purpose of this resolution is to request that the Governor direct the Attorney General to appeal the Palila v. Hawaii Department of Land and Natural Resources court decision.

Representatives from the Hawaii Rifle Association, Hawaii Island Archery Club, Sportsmen of Hawaii and the Oahu Aquatic Life and Wildlife Advisory submitted testimony in support of this resolution. The testimony indicated that the Palila bird and the Mouflon sheep can co-exist in the same habitat. They apparently occupy different sides of the world's largest mountain named Mauna Kea. Furthermore, the decision of the federal court leaves unanswered questions about the method and extent of implementation of the Court's decision. Also unknown is the decision's impact on other wildlife on Mauna Kea.

Your Committee on Judiciary is in accord with the intent and purpose of H.C.R. No. 33 and recommends its adoption.

Signed by all members of the Committee except Representatives Hagino and Peters.

SCRep. 62 Health on H.B. No. 48

The purpose of this bill is to change the general excise tax exemption for amounts received for furnishing prescription drugs or prosthetic devices to include health aid device or appliance. Health aid device or appliance includes opthalmic or ocular devices, hearing aids, items used by dentists, or devices to aid mobility, including wheelchairs, walkers, crutches or braces. The bill also provides a general excise tax exemption for amounts received by a health care facility furnishing individuals medical or health care services or both, including room and board. This also includes amounts received by a Licensed medical practitioner for furnishing professional services to an individual.

The bill amends the current tax law to eliminate the general excise tax on health care products and services rendered by a health care professional. Earlier legislation enacted limited the types of devices to those which are major cost items for the lower income or elderly persons who are less able to afford them. This bill broadens the current prosthetic device definition to include items such as eyeglasses, hearing aids, dentures and crutches. These and similar items are used by the general public.

Your Committee received testimony in support of this bill from senior citizens groups, professional medical and dental groups as well as a number of private citizens concerned about the high cost of medical care services and products. These groups asked that language be added to include pacemakers and similar devices. The Department of Taxation and other tax review organizations testified that some of the items included in the exemption were broader than helping only the low income and elderly population. They were not in opposition to the bill.

Your Committee has amended Section 4 of the bill to include in the definition of "Prosthetic device" devices used to enhance or supplement the normal functions of body organs. In addition, your Committee further amended the bill to include in the definition of "Health aid device or appliance" other health aid devices such as pacemakers.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 48, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 48, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 63 Health on H.B. No. 1025

The purpose of this bill is to revise the current health planning and health care cost control law in Hawaii. Your Committee finds that the State Health Planning and Development Agency (SHPDA) has many critics of its past operations, as well as those who philosophically oppose any state interference in the private marketplace of health care. There are also those, however, who believe strongly

that SHPDA has played an important and positive role and can continue to make a valuable contribution to the health status of Hawaii's population.

The purpose of H.B. 1025 is several fold:

1. To remove those parts of the law which are no longer appropriate or pertinent to Hawaii since the repeal of federal health planning legislation.
2. To reform the Certificate of Need process by raising thresholds, exempting some providers currently covered, and allowing administrative action on many proposals which now must go through the full review process.
3. To increase data gathering, analysis and reporting.
4. To refocus SHPDA's mission on cost-containment, health insurance accessibility, availability and quality.
5. To add to SHPDA's agenda the responsibility to look at emerging health issues such as medical ethics, health care rationing, health care for the indigent, involuntary care, standards for research and development in the areas of biotechnology and genetic engineering.
6. To extend the Sub Area Council's concerns to cover other local health issues.

Your Committee heard testimony from those who would prefer that SHPDA be eliminated, from those who would preserve SHPDA only as a planning agency, and from those who propose a redirection of SHPDA's mission while retaining many of its existing features.

Your Committee has amended the bill in the following manner:

1. Information required of health insurance providers will be limited to "available" statistical, financial and other reports.
2. Not only will SHPDA review applications for Certificates of Need, but also will be responsible for monitoring those CONs for compliance.
3. The expenditure minimums which trigger the CON process have been raised from \$600,000 to \$3,000,000 for capital expenditures; from \$400,000 to \$1,000,000 for replacement of major medical equipment; and from \$25,000 to \$1,000,000 for new major medical equipment. This is designed to further streamline the process.
4. To incorporate a fuller description of newly required annual report on health care. The new language was taken from H.B. No. 761, which was also heard on the same day.
5. To incorporate a more complete list of emerging issues for SHPDA's consideration.
6. To change the effective date from "upon approval" to July 1, 1987.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1025, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Leong.

SCRep. 64 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 1766

The purpose of this bill is to increase economic development in the State.

H.B. No. 1766 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 con-

tents, 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1766, as amended herein, and recommends that it be recommitted to the Committee on Water, Land Use, Development and Hawaiian Affairs, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1766, H.D. 1.

Signed by all members of the Committee except Representatives Bunda and Lee.

SCRep. 65 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 781

The purpose of this bill is to improve programs concerning economic development in the State of Hawaii.

H.B. 781 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill 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 be properly held on its substantive contents.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the purpose and intent of H.B. No. 781, as amended herein, and recommends that it be recommitted to the Committee on Water, Land Use, Development and Hawaiian Affairs for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 781, H.D. 1.

Signed by all members of the Committee.

SCRep. 66 Human Service on H.B. No. 1511

The purpose of this bill is to clarify the meaning of "debt" in order to retain the State tax refund of persons who are delinquent in child support payments or who have defaulted on an educational loan note held by the United Student Aid Funds, Inc. This amendment to Chapter 231-52 will clarify that a debt could be a court-ordered payment which is one month overdue or a sum exceeding \$25.00. Both conditions need not be met for the Department of Social Services and Housing to intercept the State tax refund of a debtor owing money to the State.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1511 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 67 Human Services on H.B. No. 1327

The purpose of this bill is to amend some terms found in Sections 352-23 and 352-24, Hawaii Revised Statutes, that place limitations on how the Hawaii Youth Correctional Facility (HYCF) may be organized. Sections 352-23 and 352-24 impede the facility's ability to structurally reorganize in a more efficient and effective manner.

The sections, as written, demand a separate administrative section entitled "Community Service," to include an office entitled "Juvenile Parole." The small size of the HYCF population eligible for the services provided by the Community Service Section and Juvenile Parole Office does not warrant that these services be identified as requiring a separate entity dedicated to their needs. Rather, as the need for HYCF to provide such services is not in dispute, it is recommended that the sections be amended to direct that the facility must develop them as programs.

Your Committee on Human Services is in accord with the intent and purpose of

H.B. No. 1327 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 68 Human Services on H.B. No. 1331

Act 322, SLH 1986, transferred the duties of the Judiciary relating to the collection and disbursal of court ordered child support to the Child Support Enforcement Agency. Included in this transfer were the fiscal powers exercised by the Judiciary in maintaining a special account for child support funds. This bill will provide the explicit legal authority required by the Child Support Enforcement Agency to maintain such a special fund.

At the present time, Section 37-54 generally requires that monies that come into the possession of a State officer or employee who has the responsibility for the initial custody, accountability, and disposition of the monies be deposited in the state treasury. The use of this process would entail delays in the disbursement of child support payments and would possibly generate lawsuits by custodial parents who do not receive their support payments in a timely manner. The passage of this bill will make it possible for the Child Support Enforcement Agency to provide timely service to the thousands of persons receiving court ordered child support payments.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1331 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 69 Human Services on H.B. No. 1324

Presently, Section 237-24, HRS, relating to amounts not taxable, does not provide an exclusion from the gross income subject to the general excise tax for the amounts received on food purchases made with U.S. Department of Agriculture Special Supplemental Food Program for Women, Infants and Children (WIC) food vouchers.

The bill proposes to amend Section 237-24(23), HRS, by adding a paragraph to exclude from gross income, amounts received on purchases made with WIC food vouchers. The stated justification for the amendment is to conform with the provisions of P.L. 99-500 and P.L. 99-501, as amended by the School Lunch and Child Nutrition Amendments of 1986, which would prohibit a State's participation in the WIC program if a sales tax is collected on WIC food voucher purchases.

It is the Department of Taxation's understanding that the continued pass on of the general excise tax on purchases made with WIC vouchers would prohibit Hawaii's participation in the program. Furthermore, the loss of participation in this program would have significant negative impact on the public health of the people of Hawaii.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1324 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 70 Human Services and Judiciary on H.B. No. 25

The purpose of this bill is to provide shelter care for juvenile non-law violators by establishing a shelter facility and an appropriate intake services program within the Department of Social Services and Housing (DSSH).

At the present time, the Family Court of the First Circuit has jurisdiction over a sizeable segment of the juvenile offender population on Oahu. And in this regard, one of the most pressing problems currently facing the Family Court is a critical need for a shelter facility to house child wards for whom detention or incarceration is inappropriate. As a result of the shelter shortage, the Family

Court has been unable to divert status offenders, and abused or neglected children admitted for status offenses from Hale Ho'omalū, commonly referred to as "the Detention Home". Your Committees find that this situation is intolerable and is in need of an immediate solution.

The Judiciary and DSSH submitted testimony in strong support of the measure. However, both the Judiciary and DSSH also recommended a number of substantive amendments to the bill.

Testimony received from DSSH recommended that Section 1 of the bill establishing the shelter facility under the jurisdiction DSSH would be more appropriately placed under Chapter 346, HRS, which provides for the operations of DSSH, rather than Chapter 571, which relates to the Family Courts. Your Committees have therefore amended the bill to effectuate this change.

While a critical juvenile offender housing shortage exists particularly on Oahu, your Committees were informed that the Neighbor Islands may soon find themselves facing similar problems. Therefore, your Committees amended the bill on page 1, line 6 in accordance with DSSH testimony recommending the establishment of a number of shelter facilities statewide rather than only one shelter facility for Oahu.

Shelter and detention are distinctly different in nature, and different classes of Family Court wards should be diverted to appropriate facilities. While referral labels such as "status offender" and "law violator" may be useful in legal proceedings, the Judiciary submitted testimony recommending that referral labels should not be used as criteria to separate children in different living facilities. Some law violators are only minimally involved in illegal and anti-social activities and do not pose a threat to themselves or the community. For these individuals, shelter may be much more appropriate than detention. On the other hand, some status offenders have been "hardened", and for this group detention may be more appropriate than shelter. In this regard, the representative from the Judiciary recommended that functional criteria, i.e., the degree of involvement in illegal and anti-social activities, "street" sophistication, and maturity, rather than referral labels, be used to separate children in different facilities.

Your Committees are in agreement with this recommendation and have amended the bill to replace the selection criteria for the shelter facility (page 1, line 7 to page 2, line 3) with appropriate functional criteria that takes into account the needs of the children and the safety of the community. Replacing the criteria obviated the need to redefine "status offender", so the language from page 2, line 21 to page 3, line 12 was deleted.

The representative from the Judiciary also recommended that DSSH should not be responsible for shelter intake functions since a juvenile intake agency already exists within the Family Court system. Another intake agency in DSSH may result in a duplication of efforts, inasmuch as Act 303, SLH 1980 created the existing intake agency to consolidate administrative functions. Your Committees amended the bill to delete the intake function from DSSH by deleting:

- (1) Lines 4-8 on page 2
- (2) Lines 10-11 on page 2
- (3) Line 13 on page 3 to line 6 of page 5.

Without the shelter intake function, DSSH authority for the corresponding informal adjustment would not be appropriate, so your Committees amended the bill by deleting that function on page 2, line 20. However, upon a recommendation of the Judiciary, your Committees also amended the bill to provide DSSH with the authority to "counsel and release" children when appropriate.

The specific language providing DSSH with the authority to place a child in the shelter facility was addressed in the DSSH testimony, which recommended amending page 5, line 9 to read "(c) Upon assuming temporary foster custody of a child under this chapter, the department shall place the child in an appropriate care home or facility..." Upon further consideration, your Committees also amended the bill by adding a new Section 2 amending Section 346-14, to enumerate in the comprehensive listing of DSSH duties the authority to operate the shelter facility.

Currently, Hawaii Revised Statutes provides that a child may be taken to a detention facility for the child's immediate welfare when taken into custody by the police. However, with a shelter facility available, DSSH testimony indicated that corresponding amendments to other statutory provisions are needed. As a result, your Committees amended the bill by adding the following new sections:

(1) Section 3 amends Section 571-2, to change the definition of "detention" to exclude the temporary care of children who require custody in physically secure facilities for their immediate welfare;

(2) Section 4 amends section 571-31, to eliminate the option of detention for the immediate welfare of the child when a police officer takes a child into custody; and

(3) Section 5 amends Section 571-31.1, to delete the definition of "immediate welfare" and the criteria for determining immediate welfare.

Your Committees also made renumbering amendments to the bill when necessary for the sake of consistency.

Your Committees on Human Services and Judiciary are in accord with the intent and purpose of H.B. No. 25, as amended herein, and recommend 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 Committees.

SCRep. 71 Housing and Community Development on H.B. No. 424

The purpose of this bill is to preclude existing government-assisted rental housing projects from qualifying for general excise tax exemptions.

Section 237-29, Hawaii Revised Statutes, currently provides general excise tax exemptions to those involved with the following two types of projects: (1) Newly constructed or rehabilitated projects developed with the Hawaii Housing Authority (HHA) or county assistance; and (2) HHA-approved existing low- and moderate-income housing projects receiving government assistance and which rents and operations are controlled under a regulatory agreement with a governmental body.

This bill would preclude those in the second category, i.e. existing low- and moderate-income housing projects from qualifying for a general excise tax exemption. Your Committee believes that this is in keeping with the original intent of the general excise tax exemption statutes; that is, to provide an economic incentive sufficient to general private sector participation in the construction of new housing units.

Your Committee received favorable testimony on this measure from the State Department of Taxation, the Hawaii Housing Authority, and the Department of Housing and Community Development of the City and County of Honolulu.

Upon further consideration of this measure, your Committee has amended this bill by retaining the existing subsection (b) of Section 237-29 (SECTION 1 of the bill). This subsection currently exempts from general excise taxes all gross income received by a nonprofit or limited distribution mortgagor for a low and moderate income housing project certified by the HHA. Your Committee believes that the gross income received by a nonprofit or limited distribution mortgagor for a newly developed or rehabilitated project should continue to be exempted from general excise taxes.

Your Committee on Housing and Community Development 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong, Peters and Shon.

SCRep. 72 Housing and Community Development on H.B. No. 592

The purpose of this bill is to allow the use of the State's Rental Assistance Program to subsidize rents in projects developed and financed by the Hawaii Housing Authority (HHA).

The Hawaii Housing Authority testified that with the passage of the Tax Reform Act of 1986, there are insufficient incentives for private developers to construct low- or moderate- income rental housing projects.

Your Committee believes that the State must therefore take a more aggressive posture in the development of affordable rental housing. One means of accomplishing this is for the HHA to finance the development of rental housing projects through the issuance of tax-exempt revenue bonds as permitted under the provisions of Section 356-27, Hawaii Revised Statutes.

The development of projects through the issuance of bonds, however, is insufficient to make a rental housing program workable. The program must also be tied in with some form of rent subsidy program, such as the State Rental Assistance Program established under Part III of Chapter 356, Hawaii Revised Statutes. Use of the Rental Assistance Program will produce rents which are affordable to low- and moderate-income families, and will make the rental projects self-sustaining.

It has been pointed out by the State's Bond Counsel and the Attorney General's Office, however, that under current law the Rental Assistance Program cannot be utilized in connection with HHA projects financed under Section 356-27. The Rental Assistance Program can only be utilized to lower tenants' rents in projects which are privately developed and financed pursuant to Part II of Chapter 356. (Section 356-27 is codified under Part I of the chapter.)

This bill proposes amendments which will allow the Rental Assistance Program to be utilized in connection with a project developed under Part I of Chapter 356.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 592 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong, Peters and Shon.

SCRep. 73 Housing and Community Development on H.B. No. 422

The purpose of this bill is to exempt housing projects developed by the Hawaii Housing Authority under Chapters 356, 359 and 359G, Hawaii Revised Statutes, from the provisions of Section 103-7, Hawaii Revised Statutes. Section 103-7 currently requires legislative authorization for all capital improvement projects, which include housing projects developed by the Hawaii Housing Authority.

Your Committee believes that timing is a critical element in the development of any affordable housing project. The fluctuation of interest rates, the availability of federal subsidies, the willingness of the private developer to work with the State, and the availability of lands are a few examples which make it necessary for the Hawaii Housing Authority to be able to proceed immediately with the development of housing projects when the timing is right. If the Authority were required to receive legislative approval for every housing project built, the time lapse between legislative sessions may very well make many projects unfeasible.

Projects developed under Chapter 359G, Hawaii Revised Statutes, are already exempt from the provision of Section 103-7, as provided for by Section 359G-6.5. This bill will extend the exemption to projects developed under Chapters 356 and 359.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 422 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong, Peters and Shon.

SCRep. 74 Housing and Community Development on H.B. No. 352

The purpose of this bill, as received by your Committee, is to appropriate the sum of \$100,000 for the purpose of developing a pilot program that would provide counseling and referral services to assist State residents of all ages to locate affordable housing and match these residents with elderly residents in need of in-home assistance.

The island of Oahu suffers from a severe lack of affordable rental housing whereby many single parent families are particularly hard pressed to find affordable units. At the same time, the elderly in Hawaii are the fastest growing segment of the population, whose primary wish is still to remain in their own homes and to be independent; however, concomitantly, there is a growing need for extra help within the home setting in order for the elderly to stay independent.

The services proposed by this bill would assist both the younger and older persons in their search for affordable housing and also would be a helpful method of preventing the premature institutionalization of older people who cannot sustain themselves in the community without the social support of people in the home.

Your Committee received favorable testimony from the State Department of Social Services and Housing, the State Executive Office on Aging, the City and County of Honolulu's Elderly Affairs Division of the Office of Human Resources, Catholic Services to the Elderly, and the Building Industry Association of Hawaii.

However, the Department of Social Services and Housing and Catholic Services to the Elderly both testified that intergenerational paired housing is not a "pilot program" as proposed. Catholic Services to the Elderly had a paired housing program in FY 1983 through FY 1985 under a contract from the Executive Office on Aging. The program ended when the agency did not receive funding for FY 1986.

The Department of Social Services and Housing also submitted testimony recommending that funds be appropriated to the Executive Office on Aging which has previously administered monies for intergenerational paired housing.

Therefore, your Committee, upon consideration, has amended this bill on page 1, line 10, by deleting the phrase "developing a pilot program that would provide..." and replacing it with the word "providing".

Your Committee, upon further consideration, has adopted the recommendation of the Department of Social Services and Housing that the sum of \$100,000 for fiscal year 1987-1988 shall be expanded by the Executive Office on Aging for the purposes of this bill.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 352, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 352, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong, Peters and Shon.

SCRep. 75 Finance on H.B. No. 313

The purpose of this bill is to conform the Hawaii income tax law to the Internal Revenue Code of 1986 and to amend Chapter 235, Hawaii Revised Statutes, to reflect the changes necessary to effect that purpose.

H.B. No. 313 was introduced as a short form bill; as such, it did not include specific details regarding those sections of the Hawaii Revised Statutes which would be amended to conform with the Internal Revenue Code of 1986. Your Committee has amended the bill to provide the substantive contents of the bill in long form in order that a public hearing may be properly held on the bill's contents.

As amended, H.B. No. 313 contains provisions which:

- (1) Tax the unearned income of minor children as if it were the parent's;

- (2) Repeal the income tax deduction for two-earner married couples;
- (3) Replace the zero bracket amounts with standard deductions;
- (4) Broaden the tax base by eliminating certain tax shelters;
- (5) Reduce corporate tax rates;
- (6) Treat capital gains as ordinary income for purposes of calculating tax;
- (7) Replace the 12 current income tax brackets with 8 brackets adjusted for the effects of inflation, with a top rate of 10%;
- (8) Grant a food tax credit of \$50 against resident taxpayers' individual income tax liability;
- (9) Exempt export sales from the general excise tax;
- (10) Grant a credit against taxes paid for the purchase of capital goods used in manufacturing or producing;
- (11) Exempt exports of computer software and technical services related to their development;
- (12) Make other housekeeping changes to sections of Chapter 235, Hawaii Revised Statutes; and
- (13) Grant a credit against taxes paid by banks and financial institutions for the excise taxes paid in the purchase of capital goods.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 313, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 313, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki and Leong.

SCRep. 76 Housing and Community Development and Education on H.B. No. 389

The purpose of this bill is to transfer the State Teachers Housing Program from the Hawaii Housing Authority to the Department of Education.

The Hawaii Housing Authority (HHA) currently administers a portion of this program which provides housing accommodations for teachers where adequate housing may not be available. Presently, 67 units are being maintained and managed by the HHA on the four islands of Hawaii, Maui, Molokai and Lanai. The HHA also constructs additional teacher housing cottages when CIP moneys are made available for this purpose.

Teacher placement, however, is done by the DOE in accordance with rules adopted by the Department. The DOE also undertakes the planning for additional teacher housing needs, based upon projected increases in demand due to such factors as staff turnovers and increased enrollment at various schools.

Your Committees believe that it would be more expedient for one State agency, i.e., the Department of Education, to handle the entire program. This would not preclude the Department from contracting with the HHA for the construction or rehabilitation of housing units.

Upon further consideration of this measure, your Committees have amended this bill by amending the effective date to June 30, 1988. This will provide the Hawaii Housing Authority with an adequate amount of time to complete any construction work which has been started on any of the units.

Your Committees on Housing and Community Development and Education are in accord with the intent and purpose of H.B. 389, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. 389, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Leong and Peters.

SCRep. 77 Housing and Community Development on H.B. No. 1505

The purpose of this bill is to allow the Hawaii Community Development Authority (Authority) to assume the responsibility of planning and regulating development activities in the waterfront area from Kewalo Basin to the Aloha Tower.

The Authority testified that the waterfront area from the Aloha Tower to Kewalo Basin has the potential to become a major attraction for the people of Hawaii and its visitors. A revitalization of this area will enhance and complement the commercial and residential development activities in the surrounding areas. Because of its economic importance to the State, the Authority indicated that there is a need to ensure that proper planning and coordinated development occur in the waterfront area.

H.B. No. 1505 proposes the following in order to accomplish the intent and purpose of the bill:

1. Abolish the Aloha Tower Development Corporation and transfer all of its powers, functions, and duties to the Authority.
2. Expand the boundaries of the Aloha Tower Complex to include all fast and submerged lands makai of Nimitz Highway, between Bishop Street and Pier 4 including the property that is currently owned by the Hawaiian Electric Company.
3. Expand the Kakaako Community Development District to include the area from Kewalo Basin to Fort Armstrong.

In addition to testimony from the Authority, your Committee received favorable testimonies from the Department of Transportation and the Hawaiian Electric Company.

Your Committee agrees that there is a need to coordinate planning and development of the waterfront area since various portions of this area are under the jurisdiction of the Aloha Tower Development Corporation, the Department of Transportation, the Department of Land and Natural Resources, and the Authority. Your Committee finds that the Hawaii Community Development Authority is the appropriate agency to assume these responsibilities.

Your Committee has amended this bill by deleting all provisions relating to the transfer of powers, functions, and duties of the Aloha Tower Development Corporation to the Authority. Your Committee's intent is to place these provisions into H.B. No. 11 entitled, "A BILL FOR AN ACT RELATING TO THE ALOHA TOWER COMPLEX". The provision relating to the expansion of the Kakaako Community Development District boundaries has been maintained in H.B. No. 1505.

Your Committee on Housing and Community Development 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 78 Housing and Community Development on H.B. No. 391

The purpose of this bill is to amend Section 514A-14.5, Hawaii Revised Statutes, to exclude apartments developed by the Hawaii Housing Authority from providing one parking stall for each unit developed in a condominium project.

Section 514A-14.5 establishes the right of an apartment owner to own or have designated a parking stall for his use and, for all newly constructed apartments, requires that a parking stall be included with the sale of each apartment unit.

The Hawaii Housing Authority (HHA) testified that this requirement may add to the overall cost of an HHA housing project, and, therefore, would like the flexibility of providing less than the required one stall per unit.

The Hawaii Community Development Authority (HCDA) testified that the requirement also restricts the HCDA's flexibility in project development. In particular, it would prohibit the use of shared parking which involves the use of a parking space for two or more uses. According to the HCDA's testimony, shared parking is especially feasible for areas like Kakaako where mixed-use development will occur. The uses will be sufficiently different so that corresponding peak parking demands for each use would not occur at the same time. The use of shared parking would increase the utilization of the parking facility thereby augmenting the feasibility and viability of the project. Based on the foregoing, the HCDA recommended that the bill be amended to also exclude apartments developed in Kakaako.

Your Committee agrees that Section 514A-14.5 restricts the development efforts of the Hawaii Housing Authority and the Hawaii Community Development Authority. Your Committee has amended the bill to exclude apartments developed as part of a mixed-use project in the Kakaako Community Development District.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 391, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 391, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 79 Agriculture on H.B. No. 450

The purpose of this bill is to assist agriculture.

H.B. No. 450 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 450, as amended herein, and recommends that it be recommitted to the Committee on Agriculture, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 450, H.D. 1.

Signed by all members of the Committee except Representatives Lee and O'Kieffe.

SCRep. 80 Education on H.B. No. 272

The purpose of this bill is to amend section 707-711, HRS, to provide that any person who intentionally or knowingly causes bodily injury to an educational worker will be guilty of a class C felony.

At the present time, causing bodily injury to a teacher, administrator, counselor, or employee of the Department of Education is a misdemeanor.

Your Committee heard testimony from the Department of Education, the Hawaii State Teachers Association, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Police Department of the City and County of Honolulu in support of this measure.

The Department of Education recommended that volunteers providing educational services to the public schools and persons hired by the Department on a contractual basis be included in the definition of educational worker. Your Committee has amended the bill accordingly.

Your Committee finds that educational workers should be provided the same protection against assault now afforded correctional workers under Section 707-

711(c), HRS.

Educational workers are required to report suspected or actual violations of law under Section 296-71, HRS, and therefore there is a need to provide an added deterrent against physical attack from persons who may wish to retaliate against them.

Recognizing that the obligation to report crime-related incidents places a special burden upon educational workers, your Committee finds that the enactment of this measure would further the Legislature's intent of providing a safe school climate.

Some concerns were raised during the hearing on this measure that a five year sentence might be imposed for a de minimus offense. Your Committee finds that this is a question more appropriate for consideration by the Committee on Judiciary.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 272, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 272, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Levin.

SCRep. 81 Education on H.B. No. 273

The purpose of this bill is to protect educational workers against intimidation by creating a new section in Chapter 710, HRS.

At the present time, educational workers are required by Section 296-72, HRS, to report certain suspected or actual violations of law to appropriate authorities. As a result, educational workers are sometimes intimidated by those who want to retaliate.

Representatives from the Department of Education (Department), the Hawaii State Teachers Association, and the Department of the Prosecutor of the City and County of Honolulu submitted testimony in favor of this bill. The Police Department of the City and County of Honolulu testified that the bill is not necessary because Sections 707-715, 707-716, and 707-717, HRS, relating to terroristic threatening, already protect educational workers and their immediate families against the offenses covered in this measure.

The Department requested that volunteers providing educational services to the Department and persons hired by the department on a contractual basis be included in the definition of educational worker. Accordingly, your Committee has amended the bill to give such persons the same protection afforded employees of the Department.

Your Committee notes that Section 707-716(1)(c), HRS, makes terroristic threatening against a public servant a class C felony. In order to avoid inconsistency your Committee has amended this measure to make intimidation of an educational worker a class C felony.

Your Committee finds that the enactment of this measure would further the Legislature's intent of providing a safe school climate

Your Committee on Education is in accord with the intent and purpose of H.B. 273, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 273, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Levin.

SCRep. 82 Intergovernmental Relations on H.B. No. 757

The purpose of this bill is to establish an exchange program between the State of Hawaii and Guangdong Province of the People's Republic of China for the sharing of theories, methodologies, and practicalities of economic development, trade, science, education, agriculture, tourism and related activities.

Your Committee received testimony from Mr. Kenneth Char formerly President of the Hawaii Visitors Bureau and Dr. Daniel Kwok from the University of Hawaii in support of this measure.

Your Committee finds from the testimony presented that the concept of an exchange program between the State of Hawaii and Guangdong Province is a very good idea. Your Committee therefore agrees with the intent of this bill to provide for an exchange program.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 757 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 83 Intergovernmental Relations on H.B. No. 244

The purpose of this bill is to amend Section 46-4, Hawaii Revised Statutes, by removing the requirement for the counties to allow construction of two single-family dwelling units on any lot which complies with applicable zoning standards when there are adequate public facilities in the area to support such construction.

Your Committee finds that while the counties have been delegated zoning authority, this authority is restricted by statute in the case of providing "Ohana dwellings." This bill would authorize, rather than mandate, the counties to allow the construction of second dwellings, and thereby provide the necessary flexibility to the counties to meet the unique needs and concerns of local communities.

Your Committee received testimony from the City and County of Honolulu, County of Hawaii, County of Maui, and the County of Kauai in support of this bill.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 244 and recommends that it pass Second Reading and be referred to the Committee on Housing and Community Development.

Signed by all members of the Committee.

SCRep. 84 Judiciary on H.B. No. 250

The purpose of this bill is to permit the release of segregated public record information. Personal records as defined by Section 92E-1, Hawaii Revised Statutes, may not be released under this bill. Further, each agency maintaining public records must notify the supplying individuals of the authority permitting solicitation of the requested information, whether disclosure is required or not, the intended purpose of the information sought and possible routine uses, among other things.

Your Committee received H.B. No. 250 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee has therefore 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 contents, and members of the public can 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 Judiciary is in accord with the intent and purpose of H.B. No. 250, as amended herein, and recommends that it be recommitted to the Committee on Judiciary, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 250, H.D. 1.

Signed by all members of the Committee except Representative Peters.

SCRep. 85 Health on H.B. No. 778

The purpose of this bill is to expand the current children's mental health services from 5 days-a-week to 7 days-a-week and 24 hours-a-day to meet the needs of those children requiring inpatient care.

H.B. No. 778 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 778, as amended herein, and recommends that it be recommitted to the Committee on Health, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 778, H.D. 1.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 86 Health on H.B. No. 776

The purpose of this bill is to provide outpatient mental health services in each county for adolescents from 12 to 17 years of age.

H.B. No. 776 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 776, as amended herein, and recommends that it be recommitted to the Committee on Health, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 776, H.D. 1.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 87 Ocean and Marine Resources on H.B. No. 529

The purpose of this bill is to amend Section 189-16 of the Hawaii Revised Statutes to include a general penalty for violations of sections within Chapter 189, Part 1, Hawaii Revised Statutes for which penalties were inadvertently omitted.

The Department of Land and Natural Resources testified that this bill is a "house-keeping" measure to correct the repeal of Chapter 187 which inadvertently resulted in Sections 189-5 and 189-6 not having penalty provisions.

The bill makes violations of sections in Chapter 189 a petty misdemeanor, consistent with other penalties in this section.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 529 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 88 Ocean and Marine Resources on H.B. No. 530

The purpose of this bill is to prohibit the disposal of fishing gear in the waters of the State.

Your Committee heard testimony from the Department of Transportation that discarded portions of fishing nets and other fishing gear are a hazard to navigation. Boaters have repeatedly reported that their vessels were rendered inoperative due to portions of net fouling their propellers. In some cases, the boats had to be towed back to port.

The University of Hawaii testified that non-biodegradable fish net and fish line entrap fish, turtles, seals, and birds, creating a serious environmental problem.

Your Committee is in accord with the intent of this bill, but discussed the enforcement difficulties likely to arise, particularly in off-shore areas where disposal may go unnoticed.

The University of Hawaii testified that despite enforcement difficulties, the deterrent value of H.B. No. 530 warrants its adoption.

Your Committee finds it imperative that disposal of fishing gear in the waters of the State be not only prohibited but prevented. To this end, your Committee requested that the Department of Land and Natural Resources look into the possibility of requiring labeling of fishing gear to determine ownership.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 530 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 89 Ocean and Marine Resources on H.B. No. 253

The purpose of this bill is to appropriate \$75,000 to the Department of Planning and Economic Development to study the feasibility of establishing an ocean use authority and a comprehensive ocean management system.

Every facet of life in our State is tied to the ocean. To a greater degree than any other state, our life and livelihood depend on it. Over the years responsibility for regulating ocean activities has been parceled out to various agencies as seemed appropriate at the time. The result is a confusing array of overlapping authorities with different goals creating regulations for ocean use.

The present arrangement not only creates difficulties for ocean users in our State, who often have no idea where to look for permits or information they need, it also undermines our credibility as we seek to have the federal government grant us more control over the ocean area of our Exclusive Economic Zone. From the federal perspective, if we cannot well manage the three-mile offshore area now under our control, we can scarcely expect to be taken seriously when we ask for control of a 200-mile offshore area.

The ground work for organizing a comprehensive and efficient system for ocean management has been laid by previous Legislatures. The Department of Planning and Economic Development testified that they have already prepared an Ocean Management Plan for the State, and are currently preparing a bank of information needed by decision-makers to evaluate and implement and policies recommended in the plan.

Your Committee finds that the Ocean Management Plan and the ocean information system will provide many of the tools needed by an ocean use authority to create a comprehensive ocean management system.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 253 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 90 Ocean and Marine Resources on H.B. No. 1131

The purpose of this bill is to make a \$100,000 appropriation to the Department of Planning and Economic Development for fresh seafood promotion.

Fresh seafood offers a new, broader range of products and tremendous opportunities for greater use of the wealth afforded by Hawaii's ocean.

The Hawaii Seafood Promotion Committee, a non-profit organization, testified that seafood promotion is imperative to establish the highest possible reputation for fresh fish from Hawaii, to cultivate demand for under-utilized species, to stimulate growth of domestic fisheries in Hawaii, and to increase availability of fresh fish to consumers.

The appropriation shall be used to develop a long range plan for the promotion of fresh seafood, including training workshops for fishermen, marketers, and foodservice personnel, trade-show participation, production of publications and posters, and generally increasing awareness at all consumer levels to help maximize promotional efforts and assure the protection of resources.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1131 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 91 Ocean and Marine Resources on H.B. No. 891

The purpose of this bill is to eliminate the bond requirement currently required of fishing license agents. Instead, the agents will prepay the Department of Land and Natural Resources for the licenses and keep the fees collected from their sale.

The Department of Land and Natural Resources testified that the law was originally enacted to offer the general public a more convenient method of obtaining fishing licenses because they could be obtained from sporting goods stores or other general merchandising stores located throughout the State rather than through the fish and game wardens.

The bond requirement was established to provide a security to the State for the faithful accounting and payment of licenses sold by the agents. However, this rate has since increased to a level which has discouraged various agents from remaining as fishing license agents.

Your Committee finds that this bill would continue to provide the State with a security, while allowing the continuance of the current, more convenient system of obtaining fishing licenses.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 891 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 92 Labor and Public Employment on H.B. No. 705

The purpose of this bill is to amend Hawaii Revised Statutes, Chapter 386 with a two-fold objective. First, the enactment prohibits an employer from intimidating, threatening, preventing or interfering in any way with the right of any person to report an industrial injury, to testify as a witness or to be a source of information regarding any alleged industrial injury. Secondly, this enactment prohibits an employer from suspending, discharging or discriminating against any employee for assisting a co-worker or other employees with reporting an industrial injury, testifying, or providing other information regarding said injury.

Your Committee has reviewed and carefully examined the provisions of Sections 386-142 and 378-32 in light of existing industrial customs and practices. While existing law prohibits discrimination and discharge against injured employees, it does not regulate threats or other forms of intimidation against the injured worker

who suffers a work-related accident.

Your Committee also finds that co-workers who report industrial injuries, testify as witnesses, or provide information regarding industrial injuries are not protected under existing statutes from any form of retaliatory action.

Your Committee believes that this enactment will deter employers from committing unfair employment practices directed against co-workers who assist an injured worker.

The Director of the Department of Labor and Industrial Relations is authorized to impose a penalty against any employer who intimidates, threatens, prevents, or interferes with the reporting of an injury or with the witness testifying or providing information regarding an alleged industrial injury. The Director is also empowered to provide other remedial measures where there is retaliatory suspensions, discharges, or discrimination to protect co-workers who are subject to unfair practices.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 705, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 705, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 93 Health on H.B. No. 211

This bill would exempt medical malpractice insurers from the mandatory commercial liability policy rollback requirements of 12% commencing on October 1, 1987, and 15% commencing on October 2, 1988.

All segments of American life are affected by current nationwide insurance difficulties. Virtually every public entity, private concern, and professional, especially medical professionals, have been finding coverage prohibitively expensive, have encountered unaffordable increases, or have discovered that coverage is simply not available at any price. The current situation threatens the economic health and development of the State as a business or professional unable to meet the costs of needed insurance will be forced to cut back on services or products, close its doors, or risk possible catastrophic losses.

Here in Hawaii during discussions on tort reform last year, the Legislature was informed that physicians in Hawaii are essentially engaged in group self-insurance liability programs. Most physicians are covered under policies issued through the Medical Insurance Exchange of California, a physician-owned mutual insurer, or through the Hawaii Association of Physicians for Indemnification, a "pay-as-you-go" system that periodically assesses its member physicians to meet its financial obligations. In short, costs for both organizations are based on actual needs and are not profit motivated. Therefore to mandate rate reductions of those 2 associations may not be in the best interests of the State as if a rate rollback were implemented, there is a danger that there may be inadequate reserves to cover anticipated physician losses in Hawaii. Even more alarming, there is also the possibility that coverage available to Hawaii physicians may be severely reduced or eliminated, placing our local practicing physicians at risk.

Your Committee received testimony in strong support of the bill from the Chamber of Commerce, the Hawaii Federation of Physicians and Dentists, the Health Care Association of Hawaii, and the Hawaii Medical Association.

Your Committee finds that it is in the best interest of the State for the health and well-being of its residents and visitors alike, to exempt medical malpractice insurers from the anticipated statutorily mandated rollback.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 211 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Leong.

SCRep. 94 Health on H.B. No. 343 (Majority)

This bill would expand the choice of health care available to Hawaii's citizens by mandating the inclusion of chiropractic services in all health care plans offered in the State.

The practice of chiropractic is defined in Section 442-1 of the Hawaii Revised Statutes as, "the science of palpating and adjusting the articulations of the human spinal column by hand only", and includes "the use of any methods or means, or any agent, either tangible or intangible, for the treatment of disease in the human subject."

In recent years, chiropractic services have become widely accepted as a component of the modern health care system offering individuals who suffer from structural and neurological problems associated with the spinal column relief. In fact, chiropractic services have been accepted for reimbursement or payment under workers' compensation and Medicare schemes.

The local chiropractic industry is regulated by a 5 member board placed in the Department of Commerce and Consumer Affairs for administrative purposes. And in addition to formal internal industry standards set forth in the statutes, all persons applying for a chiropractic license must complete post-secondary education requirements, and must pass an examination consisting of written knowledge of chiropractic philosophy, orthopedics, roentgenology, and science of the spine, as well oral proficiency in X-ray techniques/evaluation and chiropractic techniques.

At the present time, Hawaii is one of only 6 states in the nation that continues to deny its citizens reimbursement or payment for chiropractic services under established health insurance policies. As a result, the many thousands of local people who wish to avail themselves of chiropractic treatment and care for their non-accident related health needs, and who do not have chiropractic care included in their insurance coverage, must do so at their own expense.

Your Committee finds that the chiropractic profession is well-regulated, and the services that are offered can be of great benefit to those suffering from certain spinal column ailments. Moreover, your Committee finds that the claims that the inclusion of chiropractic services in health insurance coverage will increase health costs are unfounded. In this regard, the Committee is informed that often times the chiropractor will be the only health care professional to provide office or clinical services to a patient, and that more conventional medical treatment may be more expensive and involve admission to a hospital. In this context, chiropractic care may emerge as a means of reducing health care in the long run, and fit into the new health concept of "wellness" and preventative health care.

Your Committee received testimony in support of this bill from the Hawaii State Chiropractic Association, the Hawaii Building and Construction Trades Council (AFL-CIO), the United Public Workers Local 646, and other concerned citizens. On the other hand, your Committee received testimony from the Hawaii Medical Service Association and the Chamber of Commerce expressing their reservations and opposition.

Your Committee made a minor revision to Section 2 of the bill to reflect the fact that forty-four states have enacted legislation which entitle individuals to reimbursement or payment for chiropractic services.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 343, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 343, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Leong.
(Representative Cavasso did not concur.)

SCRep. 95 Agriculture on H.B. No. 133

The purpose of this bill is to repeal Chapter 154 of the Hawaii Revised Statutes, thereby formally repealing the Board of Agriculture's authority to grant real property tax exemptions to owners of property used for raising fruits or nuts.

Your Committee finds that it is appropriate that the counties have the power and authority to grant real property tax exemptions as stipulated under Chapter 154 of the Hawaii Revised Statutes, inasmuch as 1978 constitutional amendments have rendered the Board of Agriculture's authority inapplicable by the transfer of real property tax functions to the counties.

Your Committee also finds that there are presently 238 agreements covering some 9,500 acres which have been entered into with the Board of Agriculture, with the last of the agreements to expire in 1994.

Your Committee on Agriculture is in accord with the intent and the purpose of H.B. No. 133, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 96 Agriculture on H.B. No. 633

The purpose of this bill is to appropriate funds for each year of the 1987-1989 fiscal biennium for the promotion of papayas provided that the funds are matched dollar-for-dollar by private contributions.

Your Committee finds that papaya is a fresh fruit industry and is also primarily an export industry with approximately 80 percent of these fruits being sold in out-of-state markets.

Your Committee also finds that since 1984, the papaya industry has encountered a variety of problems ranging from a high cull rate of fruit to meet the quarantine treatment's color requirement, to hard fruit on the retail shelf. This decline in fresh fruit utilization over the past two years caused the industry to fall far short of reaching its projected assessment collections and forced it to cut back its 1985 and 1986 promotional activities at a time when promotion activities were most needed to overcome the retailer's adverse attitude towards papaya purchases.

Your Committee further finds that although these problems now appear to have been overcome, the proposed appropriation would definitely help to stabilize this troubled industry.

Your Committee on Agriculture is in accord with the intent and the purpose of H.B. No. 633, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 97 Agriculture on H.B. No. 458

The purpose of this bill is to appropriate funds for fiscal year 1987-1988 for research and control of anthurium blight or bleach, including but not limited to the mechanisms of transmission, chemical control measures, and development of resistant varieties.

Favorable testimony was submitted by the Governor's Agriculture Coordinating Committee, the University of Hawaii at Manoa College of Tropical Agriculture and Human Resources, the Hawaii Farm Bureau Federation, and the University of Hawaii at Hilo College of Agriculture.

Your Committee finds that the funds provided will make it possible for the College of Tropical Agriculture and Human Resources to continue to service growers by testing samples for blight and/or antibiotic resistance. In any case, the funds will be used primarily to hire technical assistance and to purchase supplies.

Your Committee also finds that although cooler winter weather slows down the outbreak of this disease, it continues to spread to different growers, primarily through infected planting stocks. The disease remains a major problem of the anthurium industry and has adversely affected production to the point where entire operations have been jeopardized.

Your Committee further finds that several types of research are currently being

undertaken by the University of Hawaii at Manoa. One is the development of disease resistant varieties, and another is a simpler, rapid identification of the organism so that chemical control measures can be efficiently utilized. A biological control method has also been proposed by researchers at the University of Hawaii at Hilo.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 458, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 98 Agriculture on H.B. No. 457

The purpose of this bill is to appropriate funds for the biennium year 1987-1989 for the implementation of educational programs to develop leaders within the agricultural community in Hawaii.

Your Committee finds that the Hawaii Agricultural Leadership Foundation provides a meaningful forum for these emerging leaders from varied background and commodity interests, to meet, interact, and demonstrate by example, the need to perpetuate Hawaii's agricultural sector integrating within it the widest variety of viable working models.

Your Committee also finds that through the Hawaii Agricultural Leadership Foundation, opportunities are provided to increase the skills of the participants in the areas of business, finance, communications, and collaborative problem solving; to raise their awareness of social responsibility; and to enhance their knowledge and understanding of local, state, national, and international government systems, as well as issues relating to agriculture.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore, has amended this bill by inserting the sum of \$100,000 for each year of the 1987-1989 fiscal biennium.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 457, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 457, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 99 Agriculture on H.B. No. 455

The purpose of this bill is to amend the Hawaii Revised Statutes by adding swine and goats to the list of animals to be covered under HRS Section 142-68 Fine for continued trespassing by animals, and repealing Section 142-67 Swine, goats to be confined

Your Committee finds these amendments to be justified since they serve only to include species which are commonly found in the State and are known to trespass, as well as to repeal a section which would allow the killing of swine and goats which may inadvertently trespass through no fault of the owner.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 455, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 455, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 100 Tourism on H.B. No. 830

The purpose of this bill is to appropriate the sum of \$150,000 for the promotion, advertising, and marketing of Hilo as a visitor destination area.

Your Committee has received favorable testimony on this bill from the Hilo Hawaii Visitor Industry Association (HHVIA). HHVIA stated that the east side of

the island of Hawaii has relied on agronomics as its main economic activity. Large scale agriculture has had its share of problems and diversified agriculture has not filled the economic gap. East Hawaii, HHVIA stated, has the highest unemployment rate within the State.

HHVIA further stated that the County of Hawaii is attempting to reverse this situation with new industries and a variety of efforts to breathe new life into existing industries. The visitor industry is viewed as one activity which can be improved through promotional and marketing activities. East Hawaii, HHVIA continued, can benefit from renewed visitor interest on the island of Hawaii. East Hawaii may well need to catch up with the visitor success that West Hawaii has achieved. However, it may be able to capture a certain segment of the visitor market as well as establish itself as an integral part of island visitor itineraries.

Your Committee believes that the State should continue to support the promotion, advertising, and marketing of Hilo as a visitor destination area since such support will contribute to the island's overall economic health.

Your Committee has amended this bill by leaving the amount of appropriation blank. Your Committee believes that the Committee on Finance, after review of the entire State's budget, would be in a better position to determine how much funds should be allocated for the promotion of Hilo as a visitor destination.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 830, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 830, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 101 Higher Education and the Arts on H.B. No. 148

The purpose of this bill is to promote culture and the arts, by providing funds to continue refurbishment of the Hawaii Theater, located at 1130 Bethel Street in downtown Honolulu, which is designated as The Hawaii State Theater.

Your Committee received supportive testimony from Hawaii Theatre Center, a three-year-old non-profit organization that hopes to restore the historic Hawaii Theater, which has the potential to become an outstanding cultural and entertainment center for the people of Honolulu. The Center has estimated that the first phase of development and refurbishment will cost \$2,500,000. Your Committee is in agreement that legislative support of the Center's plans to refurbish Hawaii Theater is in the best interest of Hawaii's people inasmuch as the downtown location has vast potentials in sponsoring major performances of culture and the arts, including hosting a full symphony orchestra performance.

Your Committee, however, is of the opinion that the criterion for sufficient funding for the continued refurbishment of Hawaii Theater in the fiscal year 1987-1988 is best established by your Committee on Finance. Therefore, a token amendment to set the appropriation, in Section 2 of this bill, at one dollar has been made.

Your Committee has also made some technical, non-substantive amendments to the bill for the purposes of style and clarity.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 148, H.D. 1, and be referred to the Committee on Finance

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 102 Higher Education and the Arts on H.B. No. 812

The purpose of this bill is to provide legislative funding for the Honolulu Theatre for Youth (HTY) to sponsor plays, including statewide tours of its plays, for young adults and high school audiences.

According to HTY testimony, this bill proposes to help sponsor production of contemporary plays that examine human values and guide young adults and high school audiences statewide in understanding and articulating their own value systems in the contemporary world. Your Committee is in agreement that HTY productions provide our high school students and other young adults, through this medium of arts services, with education in coping with their own values in our ever-changing contemporary Hawaii and world.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 812 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 103 Higher Education and the Arts on H.B. No. 634

The purpose of this bill is to provide legislative funding for a project sponsored by the Asian/Pacific Foundation of Hawaii to produce a one-hour color video documentary on the life of Sam Li'a Kalainaina.

Your Committee finds that the life of Sam Li'a Kalainaina, who was born in 1881 in Waipio Valley and died in 1975 in Honokaa and who was a musician, poet, and songwriter, merits documentation. According to testimony, fourteen years of research on Kalainaina's biography has already been completed. Historical data have been verified, and a preliminary script for video documentation has been prepared.

The Asian/Pacific Foundation, a non-profit organization, is the sponsor of this project. The proposed project is estimated at a cost of \$161,413. Your Committee is of the opinion that partial legislative funding of this project is a worthy outlay of public funds in producing a lyrical tribute to Kalainaina and his niche in Hawaii's history. Therefore, your Committee has adopted the recommendation to increase the proposed funding, in Section 2 of the bill, from \$50,000 to \$75,000.

Your Committee has further amended this bill to correct technical drafting errors.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 634, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 634, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 104 Higher Education and the Arts on H.B. No. 939

The purpose of this bill is to appropriate \$100,000 for the operational expenses of the commission established to coordinate and plan activities and projects to commemorate the 200th anniversary of the arrival of Chinese in Hawaii.

Representatives from the United Chinese Society, the Governor's Commission to Commemorate the 200th Anniversary of the Arrival of the Chinese in Hawaii, the State Foundation on Culture and the Arts, the Hawaii Chinese History Center and the Chinese Chamber of Commerce testified in favor of this bill.

Your Committee felt that this celebration will give due recognition to the Chinese people and their culture, to help promote greater understanding and appreciation of their legacy to the cultural diversity of Hawaii, and to acknowledge the contributions that the Hawaiians and other ethnic groups have made to help the Chinese.

Your Committee, however, is of the opinion that the criterion for sufficient funding for the operational expenses of the commission for the fiscal year 1987-1988 is best established by your Committee on Finance. Therefore, a token amendment to set the appropriation, in section 1 of this bill, at one dollar has been made. Your Committee has amended section 3, of this bill, by designating a new effective date of July 1, 1987, rather than date of approval of this bill, inasmuch as the proposed celebration is scheduled for calendar year 1989. This

bill has been further amended by changing the expending agency from the Office of the Governor to the State Foundation on Culture and the Arts.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 939, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 939, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 105 Higher Education and the Arts on H.B. No. 1211

The purpose of this bill is to authorize a grant-in-aid to the Hawaii Performing Arts Company (HPAC) to construct a theater in Manoa, Oahu, including the payment of any loan the proceeds of which have been used for the construction of the theater, and to provide for stipends to actors in HPAC performances.

According to testimony, HPAC has estimated the overall cost of construction and operations of its theater in Manoa Valley at \$950,000, of which \$750,000 has already been raised from local private sources by the HPAC Board of Directors. Although initial phases of construction of the theater were completed in January 1987, there is still need for additional construction to create facilities in the theater for professional-quality plays and musicals for the entertainment and enrichment of Oahu audiences and theater artists. Your Committee is in agreement that the proposed \$100,000 portion of this grant-in-aid will contribute significantly to HPAC's goal in offering play selections that are timely, intellectually stimulating, relevant to the 1980's and, occasionally, controversial.

Your Committee, however, is of the opinion that the \$50,000 portion of this grant-in-aid is better addressed in a separate bill which deals with the issue of fellowships to artists in general. Therefore, your Committee has adopted the recommendation to delete this portion, to provide for stipends, from the grant-in-aid. Section 1 of this bill has thus been rewritten to exclude the proposed \$50,000 stipends.

Your Committee has also made a technical, non-substantive amendment to the bill for the purpose of clarity.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1211, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 106 Higher Education and the Arts on H.B. No. 1213

The purpose of this bill is to provide an appropriation of \$250,000 for the plans and development of the First Annual Hawaii International Jazz Festival, to be produced by the Hawaii Jazz Preservation Society and tentatively scheduled for the Memorial Day weekend in 1988.

Your Committee received numerous testimonies, all in support of this bill, from various organizations, including the Hawaii Jazz Preservation Society. According to the Society, the appreciation of jazz has grown rapidly in recent years not only in Hawaii but also on the U.S. mainland and throughout the world, as indicated by popular attendances at internationally famous jazz festivals in Newport, Monterey, Chicago, North Sea, and Montreux. The proposed Jazz Festival in Hawaii is being planned to bring together the very best in jazz, including Hawaii's own jazz artists, for a unique four-day Hawaiian festival. Your Committee is in strong agreement that this bill will boost Hawaii's reputation as a world-class center for culture and the arts and will encourage Hawaii's tourist economy.

Your Committee has adopted several recommendations by making the following amendments:

(1) To increase the proposed funding from \$250,000 to \$300,000, in order to expand plans and development of the Jazz Festival as a world-class activity in

culture and the arts;

(2) to designate the Department of Accounting and General Services as the expending agency, because no agency is specified in this bill;

(3) To rewrite Section 2 as the appropriations section, rather than the present Section 3, and to rewrite Section 3 as the expending agency section, including the provisions specified in the present Section 2;

(4) To designate, in Section 4, a new effective date of July 1, 1987, rather than date of approval of this bill, inasmuch as the proposed Jazz Festival is an activity scheduled for the fiscal year 1987-1988; and

(5) To make technical, non-substantive amendments to the bill in conformance with style in an appropriations bill.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1213, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1213, H.D. 1, and be referred to the Committee on Finance .

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 107 Higher Education and the Arts on H.B. No. 1215

The purpose of this bill is to provide \$125,000 to the Hawaii Public Broadcasting Authority to continue and extend work on an existing video and film archive project.

Your Committee finds that the Legislature approved in 1986 an appropriation of \$117,000 in the Authority's budget to create this archive project. Its approval was a recognition of the importance of recorded moving images as valuable documents of Hawaii's history and culture. According to the Authority's testimony, the archive project initiated Hawaii's national leadership in mandating any statewide effort in this area. Your Committee is in agreement that the project should be continued in the next fiscal year.

However, your Committee has made some technical, non-substantive amendments to the bill for the purposes of style and clarity.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1215, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1215, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 108 Transportation on H.B. No. 79

The purpose of this bill is to increase vehicle towing charges and to decrease vehicle storage fees.

Your Committee heard testimony in favor of this bill from the Hawaii Automotive and Retail Gasoline Dealers Association. Your Committee finds that increases in towing fees from \$25 to \$35 a tow and from \$37.50 to \$40 a tow when a dolly is used are fair and reasonable when considering the costs of a driver, tow truck and applicable insurance.

Your Committee has amended the bill to retain the current \$6 fee for each twenty-four hour storage period, or fraction thereof, to reflect a fee comparable to that of current twenty-four hour parking rates.

Your Committee on Transportation 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 referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 109 Labor and Public Employment on H.B. No. 706 (Majority)

The purpose of this bill is to increase the present \$3.35 minimum hourly wage to \$4.40 per hour beginning July 1, 1987, and beginning January 1, 1988 to annually adjust the minimum wage by a percentage increase in the State's average weekly wage.

Your Committee has reviewed and carefully examined current wage and employment trends and finds that there is a tendency toward low wages. Bluestone and Harrison, in a study prepared for the Joint Economic Committee (1986), revealed that 58% of all net new employment between 1979 and 1984 paid annual wages of less than \$7,000. In 1985 1.9 million salaried and 5.5 million hourly workers earned the minimum wages. Of these workers, nearly three out of every ten were heads of households.

Your Committee finds that a low minimum wage adversely affects persons in this State and that all steps necessary to prevent a deterioration of family, health and welfare should be taken. Your Committee feels that one measure to maintain an acceptable standard of living is by increasing the minimum wage to \$4.40 per hour beginning July 1987 and then, annually adjusting the minimum wage beginning January 1988.

Your Committee finds that an annual adjustment of the minimum wage is necessary for the following reasons:

(1) A constant real wage for those receiving a minimum wage would be maintained. Adjustment of the minimum wage would be a response to changes in average wages. Past minimum wage legislation has caused a substantial jump in the real wage rate, which thereafter slowly falls because of inflation until the next legislative increase; and

(2) Annual adjustment based on increase of average wages would be a backward looking reaction to what has occurred in terms of annual wages and not a forward looking anticipation of next year's average wage.

Your Committee finds that previous legislation to raise the minimum wage from \$2.40 per hour to \$3.35 per hour became effective on June 1978. The last such increase to \$3.35 per hour became effective on July 1981. Since then, there have been no increases to the minimum wage and as a result the real wage rate has declined to its lowest level since 1955, due to a failure to increase the minimum wage in the past six years despite a 27 percent increase in prices over the same period.

Today, a head of a family of four who is employed full-time at \$3.35 an hour is considered to be living in poverty. The February 1986 federal government's poverty income criterion for a Hawaii family of four is \$12,650 annually, or the equivalent of an hourly wage of \$6.08. The worker would only earn \$6,968 annually at the present minimum wage.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 706 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Bellinger and Jones did not concur.)

SCRep. 110 Labor and Public Employment on H.B. No. 369 (Majority)

The purpose of this bill is to clarify and to reaffirm that temporary disability insurance benefits shall be paid for the duration of disability for any employee who satisfies the work history and earnings requirement specified in Hawaii Revised Statutes, Section 392-25 and who suffers a disability as provided in Section 392-21. The measure eliminates a seasonality limitation which has been read to exist under Subsection (b) of Section 392-21.

Your Committee finds that under existing law an employee before becoming eligible for temporary disability insurance must meet a work history and earnings requirement. See HRS §392-25. Anyone who satisfies such a requirement should be entitled to benefits on an equal footing with all other claimants. H.B. No. 369 is intended to correct an inequitable situation currently in effect where certain

The intent of this measure is also consistent with the humanitarian purposes and remedial character of the employee benefit laws of Hawaii. In *Re Ikoma*, 23 Haw. 291 (1916); *Silva v. Kaiwiki Mill Co.*, Haw. 324 (1918); *Acoustic, Insulation & Drywall, Inc. v. Labor and Industrial Relations Appeals Board*, 51 Haw. 312 (1969); *Evanson v. University of Hawaii*, 52 Haw. 595 (1971); *Chung v. Animal Clinic Inc.*, 63 Haw. 642 (1981); *Berkoff v. Hasegawa*, 55 Haw. 22, 514 P. 2d 575 (1973); *Foodland Supermarket, Ltd. v. Agsalud*, 3 Haw. App. 569 (1982); *Bailey's Bakery v. Tax Commissioner*, 38 Haw. 16 (1984).

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

Signed by all members of the Committees except Representatives Leong and Peters.

The purpose of this bill is to require mandatory reporting of abuse and neglect of developmentally disabled persons and the inclusion of persons in frail health under the protections provided the elderly. It also designates the Department of Social Services and Housing as the enforcement authority to report findings of serious injury or harm to the appropriate police department or prosecuting authority, to take action towards preventing further abuse or neglect, and to maintain a central registry of reported cases.

Under present law, children under age 18 and adults aged 65 and older are protected from abuse and neglect. However, there are no similar protections for adults aged 18-64 who are developmentally disabled or frail. Because this population is very vulnerable to abuse and neglect, State protective services are merited.

Your Committees have amended this bill by replacing the phrase "developmentally disabled" with "vulnerably disabled," which is a more appropriate and encompassing description. In addition, the definition "vulnerably disabled" is added to this chapter. For the purposes of consistency, the enforcement agency has been amended from the Department of Health to the Department of Social Services and Housing as the latter is already required to report abuse and neglect of children and elderly aged 65 and over and has the established mechanism to deal with such enforcement. To require another agency to perform the same duties for vulnerably disabled persons would be a duplication of effort and would cause unnecessary bureaucratic confusion.

Your Committees on Human Services and Health are in accord with the intent and purpose of H.B. No. 341, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 341, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representatives Leong and Peters.

SCRep. 113 Human Services and Health on H.B. No. 1217

The purpose of this bill is to appropriate moneys to provide respite services for families and care providers of developmentally disabled individuals.

Your Committees agree with the testimony presented that respite services for families and care providers of developmentally disabled individuals will provide support and relief for such families and care providers as well as recreational opportunities for the disabled individuals. Respite services will also serve to assist in the maintenance of community placement for these individuals who are at risk for institutionalization, which will result in financial savings to the family, community, and state and federal governments.

Your Committees have adopted the recommendation of the Department of Health that the amount of \$74,523 be appropriated for each year of the biennium and have amended Section 2 of the bill accordingly.

Your Committees on Human Services and Health are in accord with the intent and purpose of H.B. No. 1217, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1217, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Leong and Peters.

SCRep. 114 Human Services and Health on H.B. No. 1556

The purpose of this bill is to appropriate moneys to continue the respite training program for volunteers and the delivery of respite services to those family members now being served by the family respite services program and to extend the level of services to meet the increasing demand by families and care providers of individuals afflicted with Alzheimer's disease.

Your Committees agree with the testimony presented that respite services for families and care providers of individuals afflicted with Alzheimer's disease will provide needed support and relief for such families and care providers and will also serve to assist in the maintenance of community placement for these individuals who are at high risk for institutionalization, thus resulting in financial savings to the family, community, and state and federal governments.

Your Committees have amended this bill to provide for the appropriation of the amount of \$45,000 for fiscal year 1987-1988.

Your Committees on Human Services and Health are in accord with the intent

and purpose of H.B. No. 1556, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1556, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Leong and Peters.

SCRep. 115 Human Services on H.B. No. 709

The purpose of this bill is to extend personal care services to the non-Medicaid eligible population on a sliding fee basis, in order that such persons may remain in the community and function independently, rather than enter hospitals or nursing facilities.

Personal Care services are presently available only to the elderly and Medicaid eligible disabled persons. However, there is a "gap group" of non-Medicaid eligible persons who require personal care services, but are unable to afford the costs of all or part of such services. Extension of such services shall affect a broad base of individuals served by a variety of networks programs.

Your Committee has amended this bill by replacing the term "developmentally disabled person" with "vulnerably disabled person," and has amended Section 1 by providing a definition of "vulnerably disabled person."

Your Committee has amended Section 2 of this bill by adding that persons who require placement in a skilled nursing facility as well as placement in an intermediate care facility shall be eligible for personal care services.

Further, Section 2 has been amended by deleting the funding provision under the medical assistance program and State funded social services program, and replacing it with a provision whereby the Department of Social Services and Housing requests financial participation for those services provided to Medicaid eligible recipients.

The definition of "Personal Care Services" has been amended by eliminating the requirement of a physician's description for such services.

The Sliding Fee Scale at which recipients would make payments has been amended by eliminating the actual schedules and providing instead that such payments conform to the current Medicaid eligibility requirements. This would prevent recipients from being eligible to receive personal care services under both Medicaid and non-Medicaid systems.

Finally, this bill has been amended by adding a new section providing a required assets test to assure that personal care services are provided equitably to both Medicaid and non-Medicaid recipients.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 709, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 709, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 116 Human Services on H.B. No. 1050

The purpose of this bill is to amend Section 349C-3 to authorize any employee of the Department of Social Services and Housing to visit and communicate with the elderly person who is the subject of a report of elderly abuse or neglect. In addition, this bill provides that it is a misdemeanor to obstruct or interfere with the Department's access to or communication with the elderly person.

Your Committee heard testimony indicating that there have been numerous reports of instances in which suspected elderly abuse and neglect could not be confirmed or denied because workers were barred from seeing the alleged victim by family members or other persons. Your Committee believes that employees of the Department of Social Services and Housing, who are legitimately engaged in an investigation of elderly abuse or neglect, should have the right of access to the person who is the subject of the report. Such access will enable the Depart-

ment to properly carry out its investigation and will serve to protect vulnerable elderly persons of the community.

Your Committee has adopted the recommendations of the Attorney General of the State of Hawaii to more clearly specify the powers and authorities of the police and Department of Social Services and Housing workers by making appropriate changes in Section 1 of the bill.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No 1050, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1050, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 117 Human Services on H.B. No. 639

The purpose of this bill is to appropriate moneys to fund statewide child care training, parent and community education, and resource and referral administration services to be provided by People Attentive to Children (PATCH).

Your Committee heard testimony in support of this measure and agrees that there is a high demand and need for available, affordable, and high-quality child care in Hawaii. The child care provider training, parent and community education, and resource and referral services which PATCH provides have been consistently identified in numerous, reputable national reports and research as being crucial for the development and provision of quality child care programs. Your Committee shares the community's concern regarding its child care problems and feels that the funds appropriated will help towards resolving such problems.

Your Committee has amended this bill to correctly reflect the name of organization.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 639, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 639, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 118 Human Services on H.B. No. 536

The purpose of this bill is to allow the Director of Social Services to deduct ten percent of moneys earned by an inmate annually to be paid toward any court ordered criminal restitution.

Your Committee heard testimony indicating that while the present law requires that moneys earned by prison inmates on work furlough go toward satisfying their restitution obligations, there is no similar requirement for convicted persons confined to a correctional institution. For some inmates this has been used as a rationale for requesting release into the work furlough. Other convicted defendants however are seen as using incarceration as a means of hiding from responsibility, in particular their obligation to repay the victim for losses caused by the defendant's criminal actions. Your Committee believes that while the amounts of money likely to be paid to victims at the present time are quite small, the knowledge that the offender is being required even in a small way to accept his or her responsibilities would be reassuring to many victims. In addition, as the victim is repaid for his or her loss, the criminal may develop a degree of self-respect and pride in knowing that he or she has begun to right the wrong committed.

Your Committee has adopted the recommendations of the Department of Social Services and Housing to amend the bill for purposes of clarity and management by making changes in the statutory language in Section 1 of the bill.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 536, H.D. 1, and be referred to the

Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 119 Human Services on H.B. No. 1049

The purpose of this bill is to establish a State coordinating council on deafness by statute. In addition, this bill appropriates moneys for the staff and operation of the council and for interpreter fees for State programs and activities which do not receive federal funds.

Your Committee finds from testimony presented that at the present time, a State coordinating council on deafness exists within the Department of Social Services and Housing which serves to provide better communication, coordination, and access to services for the hearing impaired community. The council, however, operates without staff or funds. Also there is no one agency in the State which coordinates interpreter services for the hearing impaired. There are also various government programs which do not receive federal financial assistance and are therefore not required to pay for interpreter services for hearing impaired persons who participate in their programs and activities.

Your Committee has corrected a typographical error on page 3, line 4 of the bill and has made a technical, nonsubstantive amendment on page 4, line 12 of the bill by deleting the comma and inserting the word "an" after the word "and" for the purpose of clarity.

Your Committee on Human Services is in accord with the intent and purpose of H.B. 1049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1049, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 120 Human Services on H.B. No. 708

The purpose of this bill is to amend Section 353, HRS, by adding a new section which will allow prisoners to retain private, licensed psychologists for their own care, at the prisoner's own expense. In addition, this bill provides that the State would be exempt from any civil liability as a result of this private care.

Your Committee received testimony from the Department of Social Services and Housing and Hawaii Psychological Association in support of this measure and finds that this measure would serve to facilitate the treatment of the prisoners' mental health needs at no increase in cost or risk of civil liability to the State.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 708 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 121 Human Services on H.B. No. 632

The purpose of this bill is to appropriate moneys to fund a two-year pilot program which will provide personal care services to frail and vulnerable elderly residents at home who are not recipients of Medicaid, but who are in need of such attendant services in Maui communities.

Your Committee heard testimony from Hale Mahaolu detailing its efforts and results under a two-year pilot program for providing home personal care services to the frail and vulnerable elderly on Maui who are not eligible for Medicaid. Your Committee agrees that such a program helps to prevent premature institutionalization of the frail elderly and allows them the opportunity to carry out their activities of daily living in an independent manner which results in financial savings to the family, community, and state and federal governments.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 632 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 122 Human Services on H.B. No. 813

The purpose of this bill is to provide quality preschool services in the areas of education, health, nutrition, parent programs, and social services for developmentally delayed children of low income families.

Your Committee is informed that children with developmental delays can achieve normal patterns of development when a full complement of appropriate services are made available. Without intervention, developmental difficulties occurring in childhood tend to become compounded as time goes by, often resulting in severe problems for the individual and society by the time the individual reaches adulthood. In many cases developmental problems are the primary causes of antisocial and even criminal behavior, demonstrating the value of early remediation of developmental delays. However, many low income families cannot afford the costs of appropriate programs for their children.

Your Committee received voluminous testimony from the Department of Social Services and Housing (DSSH), various child care provider organizations, child development specialists, and parents in support of the bill.

The DSSH submitted testimony noting that new legal mandates related to child abuse and neglect have caused a reprioritization of departmental services, and a proposed shift of moneys from programs providing child care for low income families to the child protective services program. This bill seeks to restore funding for a departmental preschool care program from which funds were transferred.

Relatedly, testimony from People Attentive to Children (PATCH) noted that the shifting of priorities within DSSH also resulted in the elimination of funds from the departmental program which provides child care subsidies for children of low income families which are not receiving public assistance. The restoration of these funds would ensure these children access to child care services and allow parents to secure employment.

Your Committee amended the bill to provide funding for these child care subsidies in the amount of \$300,000 in each of the next two fiscal years.

A technical, nonsubstantive amendment was also made.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 813, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 813, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 123 Housing and Community Development on H.B. No. 139
(Majority)

The purpose of this bill, as amended, is to eliminate blight of summons damages for leasehold lots condemned under the Land Reform Program, but to compensate the lessor for any increase in value of the leased fee interest between the date of summons to the date of final judgment.

Your Committee received numerous testimonies both for and against this bill, which proposes to eliminate what is termed "blight of summons" damages in eminent domain cases under Chapter 516, Hawaii Revised Statutes.

Presently, Section 101-25, Hawaii Revised Statutes, provides that the rate of interest on eminent domain awards shall be five percent. This interest rate has been interpreted to apply to the period between the date a condemnation suit is

served upon a property owner and the time that the award is finally paid.

Since property condemned is valued, not as of the date of the trial but, rather, as of the date the suit was served, blight of summons is often used as a means of compensating the property owner for the delay between the filing of the suit and the actual award date (date of final judgment).

Opponents of H.B. No. 139 have stated that the bill is unconstitutional, and that denial of blight of summons damages would be extremely unfair to the landowner. In essence, the landowner is making a forced loan to the condemnor for the period between the date of valuation and the date the landowner actually receives payment for the property.

Proponents of this bill, on the other hand, have stated that they believe that no "blight" occurs for any lessor or fee simple owner since the fee property owner continues in exactly the same physical and financial situation after a condemnation lawsuit is filed as before. The lessee occupies the property for his exclusive use and continues to pay taxes on the property. The lessor/owner continues to receive regular lease rent payments pursuant to leases which are in full force and effect.

After considering both sides of this issue, your Committee believes that, indeed, there is no "blight".

Your Committee has amended this bill as follows: (1) by revising Chapter 516, Hawaii Revised Statutes, instead of Chapter 101; and (2) by clarifying that lease rent payments would continue to be paid by the lessee in accordance with the terms and conditions of the lease. Your Committee believes that if a lease re-opening should occur during the period between date of summons and date of final judgment, the lessor should be entitled to an increase in lease rent.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 139, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 139, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Leong.
(Representative Peters did not concur.)

SCRep. 124 Consumer Protection and Commerce on H.B. No. 143

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$21,240 for each fiscal year 1987-1988 and 1988-1989 to establish a real estate specialist position in the Professional and Vocational Division of the Department of Commerce and Consumer Affairs.

Your Committee has received testimony from the Real Estate Commission which strongly supports this appropriation. Over the past years, the responsibility of the Real Estate Commission has been expanded into administering and regulating real estate licensees, which presently include real estate brokers and salespersons in commercial and residential real estate brokerage, brokers and salespersons in time share, condominium management, and condo-hotel operators, and the regulatory registration functions for condominium managing agents, self-managed condominium projects, condo-hotel operators, real estate schools and real estate instructors.

Your Committee finds that the present staff, the Executive Secretary and the Information Officer, cannot handle the expanded functions of the Real Estate Commission, and that this appropriation for a real estate specialist position is necessary.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 143 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 125 Transportation on H.B. No. 599

The purpose of this bill is to require motor vehicles which are registered in one county and subsequently transferred to another county, to be registered in the county in which the motor vehicle is located upon the expiration of the existing certificate of registration. This bill also provides for a \$1,000 corporate fine for each violation of this requirement.

At the present time, fleet owners, primarily rental car enterprises, receive major deliveries of their automobiles on Oahu, register their cars with the City and County of Honolulu pursuant to law, and then immediately transfer a portion of the fleet to the Neighbor Islands. Under this present practice, an inequitable situation exists as the City and County of Honolulu receives all of the initial registration revenues, and the Neighbor Island domiciles of the transferred cars do not receive any appropriate contribution to provide for road maintenance and other traffic expenses normally incurred. To correct this inequity, this bill would require that motor vehicles which are transferred to another county be registered in the county where the motor vehicle is located, upon the expiration of the existing certificate of registration, regardless of the owner's residence or principal place of business.

Favorable testimony was received by your Committee from a spokesperson of the Office of the Mayor for the County of Maui.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 599 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 126 Intergovernmental Relations on H.B. No. 940

The purpose of this bill is to promote Hawaii's sister state relationship with Cheju Province in Korea.

Your Committee finds from the testimony presented that there is a growing interaction and cooperation among people of the Pacific Rim countries. Your Committee finds from testimony presented that it is important to further develop this interaction. Your Committee therefore agrees with the intent of this bill.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 940 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 127 Human Services on H.B. No. 52

The purpose of this bill is to appropriate moneys to purchase ten new vans to replace existing transportation vans in order to continue transportation of disadvantaged elderly, handicapped and pre-school children to senior centers, hot meal sites, rehabilitation centers, adult day care, pre-school sites, shopping, medical and other private and public facilities.

Your Committee finds from testimony presented by the Hawaii County Economic Opportunity Council (HCEOC) that its transportation program has become a life-line to the elderly who cannot drive, and a necessity to handicapped and disadvantaged pre-school children by providing them with a means of transportation to public and private service facilities. While federal funds were available during the 14-year period the program has been in existence, these funds have been drastically reduced and your Committee agrees that the HCEOC requires State funds in order to replace ten transportation vans which are old and in need of constant repair.

Your Committee has amended the bill by correctly providing that the fiscal year of the appropriation is 1987-1988.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 52, as amended herein, and recommends that it pass Second Reading in

the form attached hereto as H.B. No. 52, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Leong and Peters.

SCRep. 128 Ocean and Marine Resources on H.B. No. 239

The purpose of this bill is to promote the efficient use of our ocean and marine resources.

H.B. No. 239 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. Thus, a hearing on a shortform bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 239, as amended herein, and recommends that it be recommitted to the Committee on Ocean and Marine Resources, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 239, H.D. 1.

Signed by all members of the Committee except Representatives Hashimoto and Levin.

SCRep. 129 Finance on H.B. No. 418

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in fiscal biennium 1987-89 for executive, judiciary, and legislative officers and employees excluded from collective bargaining.

Section 89C-2, HRS, stipulates that the compensation, laws, terms and conditions of employment, and other benefits for public officers and employees who are excluded from collective bargaining shall be adjusted by the Chief Executive of the State, the Board of Education, the Board of Regents, or the Chief Justice, as applicable. Further, Section 89C-5, HRS, stipulates that any such adjustments which constitute cost items shall be subject to appropriation by the Legislature.

Since such adjustments may not be formulated in time to include the resulting cost items in the 1987-89 biennium budget, a separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 418, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 418, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 130 Finance on H.B. No. 317

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal Biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 317, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 131 Finance on H.B. No. 318

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the Fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 132 Finance on H.B. No. 319

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 319, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 319, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 133 Finance on H.B. No. 320

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments nego-

tiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining units is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 320, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 320, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 134 Finance on H.B. No. 321

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 321, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 321, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 135 Finance on H.B. No. 322

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 322, as amended herein, and recommends that it pass Second Reading in the

form attached hereto as H.B. No. 322, H.D. 1, and be placed on the calander for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 136 Finance on H.B. No. 323

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 323, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 137 Finance on H.B. No. 324

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 324, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 138 Finance on H.B. No. 325

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July

1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 325, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 325, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 139 Finance on H.B. No. 326

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 326, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 326, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 140 Finance on H.B. No. 327

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 327, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 327, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 141 Finance on H.B. No. 328

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 328, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 142 Judiciary on H.B. No. 864

The purpose of this Act is to improve and strengthen the skills and overall effectiveness of the police officers in the various county police departments in the handling and the investigation of cases involving family violence by providing funds for the appropriate in-service training of these police officers.

Your Committee received H.B. No. 864 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee has therefore 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 contents, and members of the public can 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 Judiciary is in accord with the intent and purpose of H.B. No. 864, as amended herein, and recommends that it be recommitted to the Committee on Judiciary, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 864, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 143 Higher Education and the Arts on H.B. No. 1520

The purpose of this bill is to authorize the Board of Regents to manage the inventory, equipment, surplus property and expenditures of the University of Hawaii and to authorize the Board to adopt rules governing the same.

Your Committee received testimony from the Vice President for Finance and Operations of the University of Hawaii in support of the bill. The Vice President indicated that the bill would codify the transfer of authority, already in place, and authorize the Board of Regents to adopt rules necessary to carry out their responsibilities. In addition, implementing these rules would add clearer guidance to those dealing with the University and insure uniformity of application. Consistency with State laws would also be assured because this bill requires that all rules be adopted in accordance with Chapter 91, the State Administrative Procedures Act.

Your Committee on Higher Education and the Arts is in accord with the intent

and purpose of H.B. No. 1520 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Levin.

SCRep. 144 Higher Education and the Arts on H.B. No. 740

The purpose of this bill is to remove the statutory ceiling presently imposed on the salary of the President of the University of Hawaii. Furthermore, this bill would allow the Board of Regents to set the salary of the President and thereby allow the University to compete within the marketplace and strive for a qualified individual to serve as its President.

Your Committee received testimony from the Chairwoman of the Board of Regents of the University of Hawaii in support of the bill. The Board of Regents feels that there is a need for recognition of equity and flexibility in determining the salary of the President, as opposed to being locked into a fixed salary cap particularly in this nationally and internationally competitive field. At the same time the Board was most sensitive to its dual accountability to provide quality higher education and to judiciously expend the funds of Hawaii's taxpayers.

Your Committee on Higher Education and the Arts 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 except Representative Levin.

SCRep. 145 Higher Education and the Arts on H.B. No. 750

The purpose of this bill is to amend Chapter 42, Hawaii Revised Statutes, to include a section on the establishment of an endowment fund for the Honolulu Symphony and to appropriate out of the general revenues of the State of Hawaii a sum up to \$2,500,000 over a five year period from 1987-1992, to be matched by the Honolulu Symphony, and to provide additional financial support in fiscal year 1987-1988 to supplement the Symphony's operating budget and the actual costs for the Young People's Concerts and Neighbor Island Tours.

The Honolulu Symphony has long been a part of Hawaii's cultural activities. Its programs are attended by an annual audience of 250,000. It is the only professional symphonic orchestra in the State, and supports virtually all other performing arts in the State. The Honolulu Symphony is a major cultural resource of Hawaii. However, as an institution, it is expensive to maintain.

Numerous testimonies were received from various organizations and individuals, including the Honolulu Symphony, all in support of the bill. It was felt that the endowment fund would be vital to the long-term financial stability of the symphony. This fund would also mean a diminishing need for yearly budget supplements from the State.

These testifiers also spoke in favor of the \$500,000 appropriation to supplement the Symphony's operating budget for fiscal year 1987-1988, and the appropriation to cover the actual cost of the State's purchase of the Honolulu Symphony's services for the Young People's Concert and Neighbor Island Tours.

Your Committee recognizes the Honolulu Symphony's need for long-term financial stability, but feel that caution is necessary when recommending, as an appropriation, such a large sum of the State's revenues. Your Committee also finds that the State's purchase of the Symphony's services for the Young People's Concert and Neighbor Island Tours is presently being funded through the State Foundation on Culture and the Arts' budget. Your Committee has already recommended to your Committee on Finance that \$250,000 be appropriated for this purchase of service. Therefore, your Committee's recommendation of a \$290,000 appropriation in fiscal year 1987-1988 is to supplement present funding.

Your Committee has amended the bill as follows:

- (a) Deletion of "2,500,000" (page 2, line 1) and insertion of "500,000";
- (b) Deletion of "over a five year period from 1987-1992" (page 2, lines 3-4)

and insertion of "in fiscal year 1987-1988 and fiscal year 1988-1989";

(c) Deletion of "1992" (page 2, line 8) and insertion of "1989";

(d) Deletion of "540,000" (page 2, line 19) and insertion of "290,000";

(e) Correction of certain typographic, technical and stylistic errors without substantive changes.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 750, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Levin.

SCRep. 146 Higher Education and the Arts on H.B. No. 1203

The purpose of this bill is to increase the funding levels for the State Foundation on Culture and the Arts through additional funding in categories where there is an acute and unanticipated need.

Representatives from the State Foundation on Culture and the Arts and from the Arts Council of Hawaii testified in support of the intent of this bill. However, these organizations along with the Statewide Human Services Action Council opposed the proposed amendment in Section 2 of the bill, to Chapter 42. It was felt that this amendment may set a precedent for other organizations who might not qualify under the current standards, set forth in Chapter 42, to seek public funding.

Your Committee has adopted the following recommendations:

(1) To delete Section 2 of the bill, as recommended by the testifying organizations, in order to prevent setting any precedent as specified above;

(2) To renumber Section 3 as Section 2, and to make a \$225,000 appropriation which your Committee has discussed and agreed upon as adequate to meet the purpose of the bill;

(3) To delete Section 4, because this amended bill would not require the Ramseyer format, and to replace it with Section 3 as the expending agency section, and to designate the State Foundation on Culture and the Arts as the expending agency, because no agency is specified in this bill; and

(4) To correct certain typographic, technical and stylistic errors without substantive changes.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1203, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Levin.

SCRep. 147 Higher Education and the Arts on H.B. No. 1820

The purpose of this bill is to appropriate funds to provide fellowships to artists and to provide the State Foundation on Culture and the Arts with the discretion to select the artists who will receive the fellowships and to determine the amounts of those fellowships.

Your Committee received testimony from the State Foundation on Culture and the Arts, the Honolulu Theatre for Youth, the Arts Council of Hawaii, the Hawaii State Theatre Council, and a locally born artist, in support of this measure. The State Foundation on Culture and the Arts indicated that this is a much needed program that would provide financial help to beginning artists whose abilities are often impeded because of commitments to work that are unrelated to their chosen artistic discipline.

Your Committee therefore agrees with the intent of this bill to provide fellowships for artists.

Your Committee has amended Section 2 of this bill by making an appropriation of \$100,000 for fiscal year 1987-1989 and \$100,000 for fiscal year 1988-1989.

Your Committee has further amended this bill to correct a technical, nonsubstantive error.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. 1820, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1820, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Levin.

SCRep. 148 Judiciary on H.B. No. 1346 (Majority)

The purpose of this bill is to eliminate unfair discrimination.

Our country has historically struck down artificial barriers to human development. Our founding fathers fled to the Americas to escape religious discrimination in their homeland. President Lincoln continued their lead by beginning the crusade against racial discrimination. More recently, Congress, the Courts and State Legislatures have removed discrimination involving the right to vote, the handicapped and discrimination based on sex. This bill merely seeks to remove one more barrier, namely, discrimination based on sexual preference.

The bill adds the prohibition against discrimination based on sexual preference to some fifteen different sections of the Hawaii Revised Statutes.

Following the recommendation of the Department of Education at the hearing on this bill, your Committee amended the bill by removing the proposed definition of "sexual orientation" from Section 296, HRS, relating to said department. Instead, the amended Section 296, HRS, will merely reference the same definition in Section 378-2, HRS. The purpose of the amendment is to avoid redundancy.

Your Committee emphasizes that this bill does not intentionally foster a particular lifestyle, or otherwise affect forms of behavior presently prohibited by law. This bill, however, clearly fosters a maximizing of each individual's human potential to the ultimate benefit of the community.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1346, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1346, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Andrews, Bellinger, Yoshimura, Hemmings and Jones did not concur.)

SCRep. 149 Consumer Protection and Commerce on H.B. No. 1522

The purpose of this bill is to conform chapters in the Hawaii Revised Statutes administered by the Business Registration Division of the Department of Commerce and Consumer Affairs and affected by the implementation of the Hawaii Business Corporation Act, Hawaii Professional Corporation Act, and Hawaii Non-profit Corporation Act which become effective July 1, 1987.

H. B. No 1522 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1522, as amended herein, and recommends that it be recommitted to the Committee on Consumer Protection and Commerce thereon, in the form attached hereto as H. B. No. 1522, H.D. 1.

Signed by all members of the Committee except Representatives Peters and Jones.

SCRep. 150 Consumer Protection and Commerce on H.B. No. 1753

The purpose of this bill is to amend the banking statutes.

H. B. No 1753 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. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1753, as amended herein, and recommends that it be recommitted to the Committee on Consumer Protection and Commerce thereon, in the form attached hereto as H. B. No. 1753, H.D. 1.

Signed by all members of the Committee except Representatives Peters and Jones.

SCRep. 151 Health on H.B. No. 581

The purpose of this bill is to establish a three-year pilot program in the Office of Narcotics Enforcement of the Department of Health to increase investigative and enforcement efforts aimed at seizing the money and the personal property acquired with the money accumulated through illegal activities. The bill would appropriate \$487,106 for equipment, operating expenses and seven additional positions for the Office of Narcotics Enforcement.

Your Committee received testimony from a number of State agencies in support of this bill. The Department of Health noted that the appropriation would allow the Office of Narcotics Enforcement to extend the seizure of criminally-gained assets beyond those that happen to be on hand at the time of arrest to those which can be traced, identified and thereafter seized.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 581, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 152 Health on H.B. No. 889

The purpose of this bill is to revise the statutes under which the Department of Health is allowed to release confidential medical or epidemiological information on sexually transmitted diseases to appropriate specific agencies for the control and treatment of sexually transmitted diseases as specified by administrative rule. This is an administration proposal.

Your Committee finds that the recently enacted statute requires that all information relating to sexually transmitted diseases be held in strict confidence and not subject to subpoena. The revision in this bill allows the department to release information to blood banks, plasma centers, and donor and tissue banks concerning individuals who may have blood-borne sexually transmitted diseases except with the written consent of the individual.

The Department of Health and representatives of the Life Foundation testified in

favor of this bill. The Life Foundation offered suggested amendments based on their knowledge of other states' experiences with the control of confidential information.

Following a review of the suggested changes, your Committee has amended this bill in the following ways:

a) The exceptions to the release of confidential information have been clarified to only allow the Department of Health to release the information in the interest of public health and safety;

b) Paragraph (a) (5) has been amended to clarify that only the Department of health is authorized to release information which identifies an individual and it requires that disclosure must be made in writing addressed to a person designated to protect the confidentiality as well;

c) Sub-section (b) is added to address the problem which health care providers have been experiencing in keeping confidential information in the clients file: "Recording or maintaining information protected under this part in a separate portion of an individual's file which is clearly designated as confidential shall not be construed as a breach per se of that individual's confidentiality";

d) Sub-section (c) has also been added to protect an individual so that: "No person shall be compelled to consent to the release of information protected under this part in order to obtain or maintain housing, employment, insurance or education".

Your Committee on Health is in accord with the intent and purpose of H.B. 889 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. 889, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.

SCRep. 153 Health on H.B. No. 890

The purpose of this bill is to grant investigative powers to the Department of Health so that it may carry out its mandate to investigate possible violations of rights of patients in psychiatric facilities. This bill also provides a penalty for the wilful obstruction of these investigations.

At the present time, when a patient in a psychiatric facility makes an allegation that his/her rights as enumerated in section 334E-2, HRS, have been violated, the Department of Health is required by law to investigate these charges and report its findings and recommendations to the patient within thirty days. Your Committee finds, however, that the Department of Health has no statutory investigative powers, and must rely on the cooperation of the psychiatric facility and/or its staff in order to carry out its investigations. Your Committee further finds that there are no statutory penalties or sanctions to prevent the obstruction of the Department's investigation and the concealment of wrongdoings.

Your Committee believes that it is in the best interest of public health and safety that necessary statutory provisions be made to authorize the investigation of possible violations of psychiatric patient rights and to prevent the wilful obstruction of these investigations.

Testimony in strong support of this bill was received from the Department of Health.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 890 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.

SCRep. 154 Health on H.B. No. 464 (Majority)

The purpose of this bill is to provide a comprehensive statewide program, similar to ordinances now in effect in two counties, to control smoking in places

frequented regularly by the general public. It is estimated that seventy-five per cent of the population of Hawaii does not smoke. Your Committee believes that there is no reason for the great majority of the people of our State to be irritated and at health risk from the smoke of others which pollutes enclosed areas. This bill will prohibit smoking in areas such as health care and other facilities, banks and similar institutions, retail stores, galleries, museums, libraries and the public areas of State and county buildings, taxicabs when carrying passengers and other similar locations open to the public.

Your Committee heard testimony from private physicians, medical societies, many private organizations such as the Cancer Society, Lung Association, Public Health Association, Heart Association, the Department of Health and others all in strong support of this bill. The testimony stressed repeatedly that more and more information is now in evidence that shows the dangers to health associated with second-hand or side stream smoke. Testimony was also presented which stated that at present 37 states and over 400 municipalities limit or restrict smoking in public places, including the counties of Honolulu and Hawaii, and this number is growing. Representatives from the Tobacco Institute, Hawaii Business League and the Food Industry offered testimony which was not in opposition to the issue of smoking but did express concern that government should not over regulate business and therefore opposed the bill. Your Committee believes that individuals statewide should have equal protection from second-hand smoke and that the present situation is both unfair and potentially dangerous to the public.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 464 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.
(Representative M. Ige did not concur.)

SCRep. 155 Health on H.B. No. 375

The purpose of this bill is to authorize the Director of Health to establish interim action levels for new drinking water contaminants for which no federal standards have been established; to require the Department of Health to establish state standards for these contaminants within two years of the confirmation; and require the Director of Health and water suppliers to report the presence of new contaminants confirmed to be present in their systems to the public within seven days of that determination.

Under present law, the Department of Health lacks clear authority to promptly establish and enforce an "interim action level" for contaminants that lack federal standards. The Department is left to respond under the imminent hazard provision of the HRS section 340-E. Formal rulemaking is too cumbersome for a quick response, and Hawaii's groundwater contamination is generally at trace levels, raising concerns over long-term chronic exposure to these contaminants, not imminent hazards. H.B. No. 375 provides a mechanism for the Department of Health to establish and if necessary enforce interim action levels for those contaminants lacking federal standards.

This bill also facilitates the development of State produced risk assessment as described by the TACP Subcommittee on Risk Assessment. It promotes the intent of the Subcommittee on Education which recommended that the State should provide as much public information as possible concerning pesticide related problems and addresses the Laboratory Subcommittee's recommendations concerning the need to confirm reports of groundwater and drinking water contamination.

The Department of Health, Office of Environmental Quality Control, Board of Agriculture, Environmental Center of the University of Hawaii and Hawaii Sugar Planters Association submitted testimony in support of H.B. No. 375.

Upon the recommendation of the Department of Health, the bill was amended as follows: (1) to eliminate the 90 day stipulation for the development of interim action levels; and (2) to make reporting requirements for new contaminants to be made consistent with other reporting requirements in the safe drinking water regulations which presently stipulate fourteen days for the publication of information. In addition, other technical amendments were made to the bill for purposes of style and clarity.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 375, as amended herein, and recommends that it pass Second Reading in the form attached here to as H.B. No. 375, H.D. 1, and be referred to the Committee on Planning, Energy and Environmental Protection.

Signed by all members of the Committee except Representative Leong.

SCRep. 156 Health on H.B. No. 593

The purpose of this bill is to create a new focus and energy in the Department of Health by establishing a new Division of Health Promotion and Education.

Your Committee heard testimony from the Department of Health in support of the concept of this bill and a commitment that the overall goal and purpose of the Department is Health promotion, disease prevention and public education and that these should be emphasized in the organizational structure of the Department.

Your Committee finds that the Department is currently organized into eight major divisions with over fifty branches. Those programs which seek to promote health and offer health education are often inhibited in their missions by the very nature of departmental organization.

During preliminary budget hearings, and hearings on numerous bills, your Committee has encountered numerous examples of the tension between the practical and logical solutions to problems, and the demands of bureaucratic lines of authority. This is true in the areas of environmental health and protection, child abuse, mental health, teenage health, general health education, developmental disabilities and several others.

Your Committee has concluded that the existing organizational structure is not only embedded in the people and offices of the Department of Health, but also in those other agencies, such as the Department of Budget and Finance, which also impact on health programs. Budgets, in fact, consistently reflect not the new priorities, but the older categories.

Your Committee is concerned that in efforts to reorganize along a prevention and education theme, the Department may be inhibited by the statutory veto power of the Departments of Budget and Finance, Personal Services, and others. It is imperative that the Department's new leadership be armed with a legislative mandate in its new organizational challenges.

To provide adequate flexibility, your Committee has amended the bill by deleting some of the specific programatic elements of this new division. The broad general language should serve the dual goals of empowering the director without inhibiting his efforts.

Your Committee has also amended the bill to delete the appropriation section, and to make the effective date July 1, 1988. The intent is for the Department to come back next year with the funding requirements.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 593, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 593, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 157 Health on H.B. No. 881

The purpose of this bill is to provide the necessary revisions to the communicable disease statutes on reporting communicable diseases in the state.

Your Committee finds that this bill, an administration proposal, will strengthen the health department's mandate to reduce the incidence, morbidity and mortality of communicable diseases in the State of Hawaii.

The bill will transfer the reportable diseases list to the administrative rules, allowing the Department to maintain better disease surveillance without the need for a statute revision every time a new disease becomes apparent. It will include

laboratory directors and all health care providers in the disease reporting process.

In addition to the Department of Health, support was also provided by the Healthcare Association of Hawaii. Testimony indicated, however, a possible problem in the vagueness of "health care provider."

To clarify this term, your Committee has incorporated a definition of health care provider:

"Health Care Provider" means a physician or dentist licensed under Chapter 448, chiropractor licensed under Chapter 442, optometrist registered under Chapter 459, podiatrist licensed under 463E, psychologist certified under Chapter 465, occupational therapist subject to Chapter 457G, and physical therapist licensed under Chapter 321."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 881, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 881, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.

SCRep. 158 Health on H.B. No. 885

The purpose of this bill is to expand third-party coverage to include alcohol, drug and mental health services provided in licensed and accredited facilities. This bill has been introduced on behalf of the State administration.

Your Committee finds the 1984 Epidemiological Household Survey on Alcohol, Drug and Mental Health Needs showed that over 19% of the State's adult population are moderately heavy or heavy users of alcohol and drugs, and over 12% display some degree of psychiatric symptomatology. All of these adults and, according to a 1979 survey an additional 8% of Hawaii's adolescents, are in need of treatment services.

The present provision of third-party coverage for the treatment of alcoholism, drug abuse, and mental illness is varied and inconsistent. Insurance policy exclusions for these problems can force individuals into inappropriate and expensive care or may even deter them from seeking any help. Alcohol, drug, and mental health problems left untreated are today costing the United States economy at least \$249 billion.

It has been documented, the AETNA study being the best known research, that specific coverage of alcohol and drug dependency treatment is affordable for consumers, increases the availability of treatment, and actually results in cost savings as compared to the enormous health care costs from continued alcoholism and drug abuse. Similar studies exist confirming that many mental illnesses can be treated in a non-hospital setting for less immediate cost and greater long-term cost savings.

While opposed by HMSA as unneeded and too costly, most testimony favored the bill, presenting information to the contrary.

The Department of Health gave the following rationale for the bill:

1. A 1984 household survey in Hawaii found that over 82,000 adults were potential alcohol abusers, and 40,000 potential drug users. A 1979 survey estimated that over 8,000 youth 12-17 years olds were alcohol and/or drug abusers. Clearly, there is a problem in Hawaii.

2. The estimated cost to Hawaii from alcohol and drug abuse is estimated to be \$723,320 and the cost of affiliated with mental illness is nearly \$300,000,000. Clearly, failure to treat this problem is costing us.

3. Because health insurance is a dominant feature of Hawaii's health care system, lack of coverage of alcohol and drug abuse and mental health benefits by insurance has a major impact. Those who suffer from mental illness, or substance abuse, are thus the victims of a form of discrimination.

4. Data suggests that in those states where coverage is extended there is a measurable cost savings.

Your Committee further finds that passage of this bill is consistent with a new emphasis on prevention of disease, and may also be helpful in providing treatment for teenage problems, another priority area for your Committee.

Your Committee has added two technical amendments at the request of the Department of Health. In Section 3a and Section 4(b) the following sentence has been inserted: "In the case of alcohol dependence or drug dependence services, the licensed physician or the licensed psychologist should be certified pursuant to Chapter 321."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 885, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 885, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Leong.

SCRep. 159 Health on H.B. No. 1489

The purpose of this bill is to allow the Department of Health to certify foster homes for developmentally disabled individuals so that these persons may remain in foster homes beyond their eighteenth birthday. An appropriation of \$37,000 in fiscal year 1987-1988 for the regulation of these homes is included.

Prior to 1986, certification standards for adult care facilities were different from those for child foster homes. Most foster families did not have the technical qualifications for certification as adult care providers, so when the developmentally disabled child became a legal adult they were removed from the foster family and placed in group care homes or institutions. Such a disruption of routine, often combined with a change from a school program to an adult work program, sometimes had a detrimental effect on the individual.

In response to this situation, the last Legislature passed Act 328 allowing one-year provisional certifications for adult foster homes to permit individuals to remain with their foster families past their eighteenth birthday, and directing a study of the results of the one year program. The completed study is before this Legislature, indicating that the one year program has been successful.

Your Committee received testimony from State agencies, social workers and foster families in unanimous support of this bill. The testimony indicated that the change made last year was worthwhile and should be made permanent, a position supported by the study. Your Committee therefore agrees with the intent of this bill to provide the option of foster home care for developmentally disabled persons on into adulthood.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1489 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 160 Health on H.B. No. 594

The purpose of this bill is to allow the State Planning Council on Developmental Disabilities to hire its Executive Secretary without regard to State civil service regulations.

Your Committee received testimony from the present and former chairpersons of the Council in support of this bill. They indicated that it would enable the Council to hire the most qualified person for the position and would provide greater autonomy for the Council to more effectively discharge its duties.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 594 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 161 Health on H.B. No. 1548

The purpose of this bill is to extend our knowledge about the spread of AIDS and to guide policy makers in future programs to prevent the spread of this disease.

Your Committee heard testimony from several doctors involved in AIDS research as well as the Department of Health in favor of this bill.

AIDS is a significant and growing public health problem in the United States, with cases doubling every thirteen months. Since many of those infected with this virus are presently healthy, show no signs of infection, and may not do so for several years, it is imperative we begin epidemiological studies to understand the spread of this disease.

Your Committee has rejected proposals for mandatory testing of certain target groups. Instead, following the advice of experts in the field, funds are being provided in this bill to carry on important research on the epidemiology of AIDS.

Your Committee has amended this bill by adding \$200,000 each year for research on AIDS, and by deleting the requirement that these funds be used exclusively for purchase of service.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1548, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1548, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 162 Transportation on H.B. No. 730

The purpose of this bill is to appropriate general funds for the planning and establishment of an anti-commuting telework center in Hawaii Kai, Oahu, by the Department of Transportation and the High Technology Development Corporation.

Solutions to today's and tomorrow's traffic needs have grown beyond traditional methods of expanding existing highways or creating new roadways. There is a critical need to develop new and innovative alternatives to address our present and future land transportation needs. The initiation of a small telework center in Hawaii Kai which would permit employees to work at or near their home, thus alleviating the need to commute into Honolulu's central business district, may be such an alternative. Although this proposal targets Hawaii Kai, if successful, this concept could be initiated in other areas throughout our State.

Your Committee received testimony from the Department of Transportation, the Department of Commerce and Consumer Affairs, the High Technology Development Corporation and others in favor of this bill.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore, has amended this bill by inserting the sum of \$50,000 for fiscal year 1987-1988.

Your Committee has further amended the bill to: (1) specify that no funds shall be made available unless private business provides matching funds; and (2) require that a status report be prepared and submitted to the Legislature prior to the convening of the next Regular Session.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 730, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 730, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 163 Transportation on H.B. No. 737

The purpose of this bill is to provide additional annual funding of \$79,000 to supplement the operations and expenses of the Hawaii Wing, Civil Air Patrol. In

addition, this bill would appropriate \$77,640 for a tsunami warning system and an air cadet program.

By way of a brief background, civil defense warning elements include a synergistic system of sirens, media, emergency broadcast system announcements, public safety agency door-to-door notification, and aerial advisories. A failure of any one of these elements could place segments of our population at risk during a tsunami warning. In this regard, the Hawaii Wing, Civil Air Patrol serves as an important link in our State's civil defense system. Moreover, it is of greater importance now due to the disbandment of the 6594th Test Group at Hickam Air Force Base, which formerly provided air surveillance service.

Your Committee received testimony in favor of this bill from the Oahu Civil Defense Agency, City and County of Honolulu, the United States Coast Guard, and various members of the Hawaii Wing, Civil Air Patrol.

Your Committee has amended the bill to clarify that all sums appropriated shall be in accordance with Chapter 42, HRS.

Your Committee has also made technical, non-substantive amendments for the purposes of clarity and consistency.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 737, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 737, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 164 Transportation on H.B. No. 198

The purpose of this bill is to relieve the seller of a motor vehicle from civil or criminal liability, when possession of the motor vehicle is transferred to the purchaser pursuant to a contract of sale, and the purchaser has given the seller proof of insurance on such motor vehicle.

At the present time, there is uncertainty regarding the exact point in time when the responsibility for any liability incurred passes from the seller to the purchaser of a motor vehicle. Your Committee finds that it is in the best interest of the public health and safety to resolve this issue, to the extent possible, by setting specific statutory requirements which would specify the point in time when a seller of a motor vehicle would be relieved from any civil or criminal liability.

Testifying in favor of this bill was the Hawaii Automobile Dealers Association.

Your Committee has amended section (j) of the bill to retain the present section of the statutes which allows the County Director of Finance to accept the notice of transfer, within ten days, without a notarized or other proper affidavit attached to the notice of transfer.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 198, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 198, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 165 Human Services on H.B. No. 353

The purpose of this bill is to make an appropriation for Child and Family Service, the Family Crisis Shelter, Inc., Hale Loko Maika'i (Women Helping Women), and the YWCA Shelter, providers of shelters for victims of family violence.

Your Committee received testimony from the subject organizations and others in support of this measure. Your Committee finds from testimony presented that these shelters address one of our community's major social problems by providing safe places for victims of family violence, as well as counseling, referral, advocacy, and other services to abused spouses and their children. Your Committee acknowledges the generational nature of family violence and agrees that in-

creased activities and counseling programs for children exposed to such an environment would aid in breaking the cycle of violence that is often passed on from parent to child.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No 353 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 166 Human Services on H.B. No. 1815

The purpose of this bill is to appropriate moneys for Kauai Economic Opportunity, Inc. for the construction of a group residence for the physically handicapped on Kauai.

Your Committee heard testimony from Kauai Economic Opportunity, Inc. indicating that the major goal of this project will be to provide a group home on Kauai to enable physically disabled citizens to be deinstitutionalized, to prevent their institutionalization, and to allow these citizens to function in a normal community environment. The program's ultimate goal will be to support and prepare each citizen to function at his/her highest level by providing him/her with the support needed. The physically disabled residents will be able to learn living and adjustment skills in a family living environment.

The organization believes that after thorough training and support, and through integration of families and society into the program, the residents will be better equipped to survive in a normal community setting.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1815 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 167 Human Services on H.B. No. 1304

The purpose of this bill is to appropriate moneys for the Maui Adult Day Care Center in Puunene, Maui, to provide adult services for the prevention of institutionalization.

Your Committee heard testimony from the Maui Adult Day Care Center and agrees that adult day care centers enable the frail or disabled elderly to live in a family setting as long as possible and are an effective alternative to costlier hospital and institutional care.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1304 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 168 Human Services on H.B. No. 1553

The purpose of this bill, as received by your Committee, is to authorize the establishment of a religious program manager position in the State's correctional facilities and to make an appropriation to accomplish the same.

Your Committee received testimony in support of this measure expressing concern over the religious freedom of prison inmates and the delivery of religious programs to inmates of all faiths. Your Committee shares this concern and agrees that providing a religious program manager who will be responsible for the administration of religious programs in all corrections facilities in the State will allow inmates to exercise their right to freedom of religion without such accommodation being a threat to security.

Your Committee has amended this bill to clarify that the purpose of this bill is to accommodate the right of prisoners to free exercise of religion without ad-

vancing or inhibiting religion, or becoming excessively entangled with religion.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1553, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1553, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 169 Human Services on H.B. No. 1827

The purpose of this bill is to appropriate moneys to fund a purchase of service agreement with the Waianae Coast Comprehensive Health Center, under which adult day care services to frail, elderly or otherwise physically impaired but ambulatory senior citizens will be provided.

Your Committee heard testimony from the Waianae Coast Comprehensive Health Center describing its program and services. Your Committee agrees with its goal of enabling the elderly to live with their families as long as possible by providing medically supervised day care as a cost-effective alternative to more expensive institutionalized care.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1827 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 170 Human Services on H.B. No. 233

The purpose of this bill is to amend Section 349C-4, HRS, to provide immunity from civil liability for Department of Social Services and Housing workers who in the course of their duties respond to the needs of elderly persons who have been abused or neglected.

Your Committee finds from testimony presented that the intent of this bill is similar to Act 229 of 1986 which provided the same type of protection as suggested here for Department of Social Services and Housing workers who respond to the needs of abused children. Adult Protective Service workers, like Child Protective Service workers, are frequently required to make important decisions within a very short time frame for the protection and in the interest of abused, neglected or financially exploited elderly persons. As they are required to make critical decisions that entail a degree of personal risk, it is essential for the morale and well being of these workers that they be assured of a certain basic level of protection so that they may perform their duties without fear of retaliatory prosecution. The proposed bill would not protect conduct which would be considered intentionally or grossly negligent, but would assure that all actions taken in a good faith effort to carry out their duties would not expose workers to unnecessary liability. This protection will support and facilitate early reporting and intervention services to abused, neglected, or financially exploited elderly persons.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 233 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.

SCRep. 171 Human Services on H.B. No. 1510

The purpose of this bill, as received by your Committee, is to amend Section 350, HRS, to:

a) amend the definition of child abuse or neglect to be consistent with Chapter 587, HRS;

b) expand the definition of reports by professionals to be consistent with the definition of child abuse or neglect. This will allow information concerning a

child that is shared by a family member who is being examined, attended to or treated, to be reported without the licensed or registered professional necessarily having examined, attended or treated the child. Also, the intent in this section is to report immediately which appears more relevant and urgent than the word "promptly";

c) clarify which professionals, and how such professionals, are required to report pursuant to Section 350-1.1 and to eliminate the confusion created by conflicting privileges of other state confidentiality laws;

d) make stylistic and structural changes for purposes of clarity and consistency.

Your Committee received testimony from the Department of Social Services and Housing and the Department of the Prosecuting Attorney in support of this measure. Your Committee finds that this bill will help to protect children by clarifying the definition of child abuse or neglect and the situations for which a report must be made and by mandating that professionals and officials report child abuse and neglect not only in their capacity to examine, attend or treat the child victim, but also in their capacity of treating, examining, attending, or servicing other family members from whom information of possible child abuse or neglect is obtained. Your Committee believes the changes proposed will provide a clearer understanding of the community's responsibilities in ensuring that children are afforded a safe and protective environment.

Your Committee has also made some technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1510, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1510, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.

SCRep. 172 Human Services and Water, Land Use, Development and
Hawaiian Affairs on H.B. No. 225

The purpose of this bill is to provide the Department of Land and Natural Resources (DLNR) with the authority to set aside 92 acres of land on Oahu for the establishment of a veterans cemetery.

By way of a brief background your Committees are informed that the National Cemetery of the Pacific (Punchbowl) is within two years of attaining its capacity for body burials. Although niches for cremated remains in the columbariums are expected to be available for 20 years, many individuals prefer to be buried rather than cremated.

According to federal administrative policy, no new national cemeteries will be authorized for Hawaii, and instead regional cemeteries are to be used after space at Punchbowl becomes filled. Hawaii's regional national cemetery is at Riverside, California, making it necessary for local veterans to be buried 2,500 miles from home unless they choose a private cemetery in Hawaii at their own expense.

However, a solution to this problem appears to be available, as through Public Law 95-476, the federal government has provided states with opportunities to receive grants-in-aid of 50% matching funds to establish, expand, and improve veterans cemeteries. In response, the previous executive appointed members to the Hawaii State Veterans Affairs Advisory Council, which held hearings throughout the State to ascertain the needs and concerns of Hawaii's veterans. Subsequently, the Council submitted findings and recommendations to the Governor.

As a result, the Hawaii State Veterans Affairs Advisory Council submitted testimony to your Committee proposing an exchange of 89.5 acres of State land for a 203 acre parcel in Kaneohe now owned by Hawaiian Memorial Park. The 203 acres would yield 92 acres of burial plots, representing 104,000 plots, of which 32,189 have already been used. In addition your Committee was informed that the State would gain 48 acres for passive parks, and over 65 acres of open space for possible facilities such as a housing project for State Veterans' homes.

Your Committees received additional testimony from DLNR, the Department of Social Services and Housing (DSSH), the Hawaii State Veterans Council, and a veteran of World War II and the Korean Conflict supporting the establishment of a veterans cemetery on Oahu.

Your Committees are in agreement that Hawaii's veterans have served Hawaii and the rest of the Nation bravely and unselfishly, and that they deserve the opportunity to choose these islands which they call home for their final resting place. Your Committee further finds that it would be fitting for the State to establish a veterans cemetery on Oahu, and to begin a commitment to such a project with an application to the U.S. Veterans Administration for a cemetery grant. However, your Committees feel that the State should not prematurely restrict its options for a veterans cemetery site, and that specifying an acreage in the law would limit the possible choices.

Your Committees believe that DLNR is the appropriate State agency to make application to the U.S. Veterans Administration for any available grant to establish a veterans cemetery, and that DLNR is the appropriate State agency to administer and maintain State veterans cemeteries. However, your Committees do not believe that DLNR needs specific statutory authority to be the applicant agency, nor is such statutory authority appropriate.

Your Committees have therefore amended the bill to remove the specified acreage for an Oahu cemetery, as well as the acreages for cemeteries on the islands of Hawaii, Maui, Kauai, Molokai, and Lanai.

The bill was also amended to delete DLNR's statutory authority to apply for any federal grant to establish, expand, or improve veterans cemeteries. However, your Committees would like to reiterate that DLNR is the appropriate State agency to make such application.

The bill was further amended to identify DLNR as the appropriate State department to administer and maintain all veterans cemeteries owned by the State, and to authorize DLNR to contract for such services to ensure the maintenance of these facilities.

Your Committees on Human Services and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 225, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 225, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Leong.

SCRep. 173 Consumer Protection and Commerce on H.B. No. 410

The purpose of this bill as received by your Committee is to amend the insurance law. Your Committee has received a short form bill which has been amended to provide the purpose of the bill as follows:

1. To provide a major revision and reorganization of Hawaii's insurance laws;
2. To update the laws with respect to current problems and approaches to insurance regulations;
3. To provide additional responsibility and authority for the Insurance Commissioner.

Your Committee has received testimony from the Insurance Commissioner, Triad Insurance Agency, the Hawaii Independent Insurance Agents Association, the Hawaii State Association of Life Insurance Underwriters, the Hawaii Medical Service Association, and the Hawaii Insurers Council in favor of the bill.

This bill was submitted to the Legislature pursuant to its request to conduct a comprehensive review of the existing insurance laws. The Legislature was concerned with the problems of insurance, such as its high cost, lack of availability, and affordability for certain risks. Furthermore, several insurance companies, national and domestic, have failed recently.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 410, 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.

SCRep. 174 Consumer Protection and Commerce on H.B. No. 1524

The purpose of the bill as received by your Committee was to amend the insurance law. Your Committee has received a short-form bill which has been amended to provide the purpose of the bill as follows:

1. To create the Commissioner's Education and Training Fund to compensate or reimburse staff and personnel of the insurance division for education and training;

2. To update a schedule of deposit requirement for paid up capital stock or unimpaired surplus in order for new insurers to qualify to transact any one class of insurance;

3. To provide additional paid up capital stock or additional unimpaired requirements in order for an insurer to qualify to transact additional classes of insurance;

4. To raise the amount of special deposits equal to the amount of paid up capital stock or surplus or \$500,000 for alien and foreign insurers to qualify for a certificate of authority;

5. To establish procedure for a domestic mutual property insurer when applying for a certificate of authority and to raise surplus requirements;

6. To establish a procedure for a domestic mutual casualty insurer when applying for a certificate of authority to transact casualty insurance, including vehicle insurance, and to raise the surplus requirements;

7. To establish a procedure for a domestic mutual vehicle insurer when applying for a certificate of authority to transact vehicle insurance and to raise the amount for retained liability and surplus requirements;

8. To establish a procedure for a domestic mutual life insurer when applying for a certificate of authority and to raise the amount for total maximum insurance, applicants premiums, and surplus requirements;

9. To establish a procedure for a domestic mutual disability insurer when applying for a certificate of authority and to raise the amount for applicants premiums and surplus requirements;

10. To provide a reduced percentage amount for the required investments for capital and reserves;

11. To provide in what an insurer may invest its funds and to raise the seller's equity requirement;

12. To raise the amount that an insurer may make or acquire a loan upon the security of real property;

13. To increase investment income for an insurer other than a life insurer;

14. To provide that domestic insurers who are required to pay taxes for doing business in a foreign state a credit for 100 per cent of the tax paid if the tax is greater than the amount paid by insurers of the foreign state;

15. To provide a procedure for insurance independently procured and to provide a duty to report to the Commissioner and to pay taxes;

16. To provide a procedure for the filing, approval and withdrawal of forms and premium rates for credit life insurance and credit disability insurance;

17. To require of every insurer of motor vehicle insurance rate filings to be accompanied by a \$20.00 fee which shall be deposited to the Commissioner's Education and Training Fund;

18. To provide an increased accidental harm coverage for required motor-cycles and motor scooters policy coverage;

19. To require of every insurer of casualty, surety, property, marine, and transportation insurance rate filings to be accompanied by a \$20.00 fee which shall be deposited to the Commissioner's Education and Training Fund;

20. To provide the powers and duties of the property and liability insurance guaranty association and eliminate refund to members;

21. To provide that a title insurer shall have a minimum capital of not less than \$400,000;

22. To establish a guarantee fund and require a title insurer to deposit \$400,000 with the Commissioner;

23. To establish a reinsurance reserve by a domestic title insurer for the protection of holders of title insurance policies;

24. To require domestic title insurers to establish reserves against losses and loss expenses.

Your Committee has received testimony from the Insurance Commissioner that these amendments were submitted as part of the major revision of the insurance law.

Your Committee has made technical, nonsubstantive corrections throughout the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 1524, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 1524, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 175 Human Services and Education on H.B. No. 1450

The purpose of this bill is to appropriate moneys for the purpose of developing a resource inventory of senior citizens in the State of Hawaii, with a view towards utilizing these individuals as resource persons in the schools.

Your Committees find from testimony presented that many of our senior citizens are blessed with skills, knowledge, and invaluable first-hand experience which, if imparted to our young, would go far to enrich classroom instruction and make school an exciting and stimulating place for students. These skills include, but are not limited to, foreign languages, arts and crafts, tutoring, and the ability to share valuable life experience.

Your Committees believe that we need to utilize the many talents of our senior citizens more, inform the public that there are individuals willing and able to take on the work so desperately needed in our communities, but currently neglected due to shortages of personnel, and inform older persons that they are still productive and very much needed in this society. The creation of a resource inventory of senior citizens in the State will be of benefit to children in schools who can learn from and enjoy what older people can contribute to their education and perspective on life, will serve to help our elderly maintain their health by remaining active in our community, and will be a valuable community resource and asset to the State.

Your Committees on Human Services and Education are in accord with the intent and purpose of H.B. No. 1450 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Leong.

SCRep. 176 Human Services on H.B. No. 1600

The purpose of this bill is to revise reimbursement rates to medicaid providers

by using 1985 as the profile base year on which to reimburse said providers.

There has been no adjustment in the reimbursement to providers in the medicaid program since 1979. Since then, these low medicaid reimbursements have discouraged the full participation of our health care professionals and our indigents find it extremely difficult to obtain mainstream and specialized health care service. Thus, an adjustment to medicaid's reimbursement rates is justified at this time.

Your Committee has amended this bill by:

- (1) deleting references to adjusted profiles selected for any given fiscal year,
- (2) eliminating a specific profile year in the computation of the reimbursement formula, and
- (3) revising reimbursement rates to providers based on the current profile of usual and customary fees and the percentage of the profile in proportion to the funds appropriated by the Legislature.

An appropriation from the general revenues of the State for fiscal year 1987-88 to carry out the purposes of this Act has been left unspecified, since your Committee believes that your Finance Committee, after review of the entire State's budget, would be in a better position to determine the amount of funds to be appropriated.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1600, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives M. Ige, Leong and Peters.

SCRep. 177 Human Services on H.B. No. 1342

The purpose of this bill is to increase the attention placed on services that children and adolescents require and to initiate the creation of new services that address needs which are not being met.

Your Committee heard testimony indicating that the areas of concern affecting children and adolescents are broad in scope and depth. In many cases, issues will require an interdisciplinary approach to these problems. Experience involving different state jurisdictions has shown that conferences that deal with broad areas of concern are seldom effective and only result in participants spending too much time on identifying problems and developing priorities.

Your Committee has therefore amended the bill to provide for a series of annual conferences over the next four years. Each two-day annual conference will focus on a specific issue relating to children and youth. The first issue to be addressed at the initial conference will be child abuse and neglect. This issue is recommended and supported by the House Committee on Human Services and the Office of Children and Youth.

Other issues to be targeted are: the juvenile justice system, mental health, educational programs for alienated youth, health education and others. The issue for each annual conference will be developed by the Office of Children and Youth as directed by the State Legislature.

Your Committee on Human Services also realizes that many recommendations from conferences are compiled and documented but seldom acted on. Your Committee has therefore amended the bill to provide that the Office of Children and Youth shall submit a written report of specific concerns and recommendations to the Legislature and the Governor. They shall also be responsible for any follow-up activities such as legislation, and inter-departmental coordination as well as developing advocacy groups to implement recommendations.

Your Committee has further amended this bill to correct nosubstantive typographic and drafting errors.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1342, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong, Peters and Hemmings.

SCRep. 178 Human Services on H.B. No. 1555

The purpose of this bill is to place the Commission on the Status of Women (CSW) in the Office of the Governor and to provide additional funds for the CSW.

Your Committee received testimony from the CSW in support of this measure. Your Committee finds that the CSW is a vital commission which engages in numerous programs and activities designed to develop long-range goals, and to coordinate research, planning, programming, and action on the opportunities, needs, problems, and contributions of women in Hawaii and to promote the economic, educational, and social equality of women in Hawaii.

Your Committee also finds that the CSW's budget has remained constant for almost sixteen years and that the requested appropriation would be well utilized by the CSW in its efforts to achieve its goals.

Your Committee believes that transfer of the CSW from the Department of Social Service and Housing to the Office of the Governor would afford the CSW status and exposure that would benefit Hawaii's women and ultimately, the community as well.

Your Committee has amended the bill by inserting the figure "28,000" as the amount to be appropriated and by correcting nonsubstantive drafting errors.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1555, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1555, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 179 Human Services on H.B. No. 1514

The purpose of this bill is to standardize the shelter standard for housing allowance for recipients in §346-53(c), H.R.S. based on family size, according to what is commonly referred to as the "flat grant."

The flat grant standard provides for an equitable distribution of welfare benefits as the benefit amount will be the same for families of the same size. Further, it simplifies the eligibility process and reduces errors in determining the amount of the monthly payment, reduces monthly administrative staff time verifying actual amounts paid for rent and utilities, and promotes recipient's independence in budget planning and management.

The flat grant standard does not increase the maximum shelter allowance but provides equitable treatment to all recipients, including 48 percent of recipient households that are not receiving the maximum shelter allowance because they are living in housing where shelter cost is below the shelter maximum, are doubling up housing with friends or relatives, or do not have a place to live.

Your Committee has amended Section 1 of this bill to provide for a ten percent increase in the schedule for this housing allowance.

Your Committee has also amended this bill by deleting §346-53(f), H.R.S. in its entirety, as it discriminates against supplemental security income (SSI) households applying for housing benefits making a technical amendment to §346-54, H.R.S., and providing that the Act shall take effect on July 1, 1987.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1514, H.D. 1, and be referred to the

Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 180 Human Services on H.B. No. 459 (Majority)

The purpose of this bill is to define, specify, and clarify the duties and responsibilities of the Department of Social Services and Housing (DSSH) and the State Attorney General's Medicaid Fraud Control Unit (MFCU) in the area of medical assistance provider fraud and abuse, and to define, specify, and clarify the rights of providers in this area.

Your Committee received substantial testimony from the Hawaii Medical Association, the Hawaii Federation of Physicians and Dentists, the Hawaii Psychological Association, individual health care providers, and patients in support of the bill. Considerable criticism was directed at the MFCU for the manner in which investigations have been conducted. Charging the MFCU with violations of legal rights and harassment, several individual providers claimed that their reputations and their careers have been unnecessarily ruined.

The Hawaii Federation of Physicians and Dentists testified that medical providers are beginning to deny care to Medicaid patients because they are unwilling to risk the consequences of being accused of fraud, and that there is a distinct possibility that the poor and elderly under Medicaid will eventually be denied medical care unless substantial changes are made in the way investigations are handled. Furthermore, the Queen's Medical Center testified that almost all private practice psychiatrists and psychologists are already refusing to take Medicaid patients because they fear the devastation that a number of their colleagues have experienced.

Your Committee finds that current statutes do not clearly specify limits and responsibilities for handling of Medicaid fraud cases, which are presently handled by the MFCU.

The bill proposes to address the concerns regarding the handling of suspected Medicaid fraud cases by differentiating between Medicaid abuse and Medicaid fraud, with fraud being defined as intentional deception for the purpose of gain, and by establishing procedures for a two step investigation process of abuse and fraud cases.

Responsibility for preliminary investigation of all cases would be assigned to the DSSH. If the DSSH determines in preliminary investigation that a full investigation is warranted, DSSH would retain responsibility for full investigation of abuse cases, but would refer full investigation of fraud cases to the MFCU. Thereafter the MFCU would: (1) investigate only cases of fraud referred by the DSSH; (2) refrain from soliciting cases involving fraud; and (3) refer all unsolicited cases involving fraud to the DSSH for preliminary investigation and recommendation.

This bill further specifies that these proposed provisions do not affect the authority of the MFCU to investigate cases of suspected abuse of patients of health care facilities receiving medical assistance payments.

Your Committee believes that the steps this bill takes toward clarifying the roles and responsibilities of the DSSH and MFCU, and setting forth the rights of providers serve to establish a rational structure in which investigations can reasonably be pursued, while ensuring the rights of health care providers.

Your Committee on Human Services is in accord with the intent and purposes of H.B. No. 459 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Leong.
(Representative Arakaki did not concur.)

SCRep. 181 Human Services on H.B. No. 1053

The purpose of this bill is to increase by 5% the maximum basic needs allowance (BNA) which the Department of Social Services and Housing shall pay to its recipients.

An increase in the welfare standard is appropriate because of the rising cost of living since 1978. Further, present welfare benefits are well below the poverty level, and are clearly inadequate to meet actual recipients needs.

Therefore, an increase in BNA would allow welfare recipients to be able to utilize this assistance for its intended purpose of maintaining an income for basic needs.

Your Committee has amended this bill by increasing the BNA maximum to 10%, as recommended by the January 1987 Report of the Department of Social Services and Housing to the Fourteenth Legislature, and by the numerous testimonies received by your committee.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1053, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1053, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 182 Human Services on H.B. No. 1150

The purpose of this bill, as received by your Committee, is to appropriate \$339,000, or so much thereof as may be necessary in each of the two years of fiscal biennium 1987-1989, to the Department of Social Services and Housing for the establishment of an innovative and flexible mechanism for coordinating placement and services for children with severe emotional and developmental problems who are served by multiple agencies.

Your Committee finds from testimony presented that children with severe emotional and developmental problems are in significant need of service plans which are closely coordinated between and among the multiple agencies which serve them. This need is even more urgent for the small number of children with the most severe problems where uncoordinated service planning and monitoring may actually make problems worse. These children may require highly individualized approaches which may be difficult to obtain without innovative funding approaches. It is in the interest of the State of Hawaii to take care of our children, and every effort should be made to avoid placement of children out of their own homes, out of their communities or out of state whenever possible. In order to accomplish this, an innovative and flexible mechanism which can operate across several departments is required.

Your Committee believes this bill would provide a systematic mechanism to coordinate the multiple services required by our most disturbed children and adolescents for whom we do not at present have the resources or the single authority to provide a comprehensive, coordinated system of care that they need.

Your Committee has adopted the recommendation of the Department of Social Services and Housing and private organizations that the interdepartmental cluster be established within the Department of Health and has amended the bill accordingly. Your Committee has further amended this bill to correct nonsubstantive typographic errors.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1150, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1150, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 183 Human Services on H.B. No. 1437

The purpose of this bill is to expand and enhance foster care services by appropriating funds for foster parent training and for compensation for foster care. It is the intent of the Legislature that training be made available to all foster parents, including those who care for foster children placed in their homes by private agencies certified by the State. It is also the intent of the Legislature that compensation for foster care be provided to all foster parents in an amount proportional to the level of care required for the individual foster chil-

dren.

Your Committee received testimony from the Department of Social Services and Housing, The Judiciary, and the Hawaii State Foster Parents Association in support of this bill. Your Committee finds that foster care is in many cases the most desired alternative for children and adolescents who are removed from their natural families because of abuse or neglect. Unfortunately, the numbers of foster parents available are insufficient to meet Hawaii's growing foster care needs.

Generally, foster parents do not receive income for their services, although they receive minimal payments which are provided to compensate for living expenses incurred by their foster children for such items as room and board. Although these foster parents devote themselves to helping others without regard for personal gain, these limited numbers of people cannot be expected to provide all of the foster care services that are needed. Foster care services can be expanded by compensating foster parents for their services.

In addition to increasing the supply of foster care, efforts should also be made to enhance the quality of foster care which is available. Subsequent to placement in foster homes, many foster children continue to face personal problems having roots in family situations from which they have been removed. Special training to equip foster parents with the knowledge and skills to address these problems would create a more understanding and supportive home environment for the foster children.

Your Committee has amended this bill to provide for the following appropriations:

a) \$117,050 for each year of the fiscal biennium for the establishment of three social worker positions within the Department of Social Services and Housing to recruit suitable applicants for foster parenting on the islands of Hawaii, Maui, Kauai, and Oahu, prepare them during the licensing process, and assist and monitor them throughout their licensure as foster parents.

b) \$322,793 for each year of the fiscal biennium for the establishment of a cluster system of therapeutic foster homes on the islands of Hawaii, Maui, Kauai and Oahu and for compensation to specially trained foster parents working in the clusters for specialized services and respite.

c) \$24,857 for each year of the fiscal biennium for the establishment of one position within the Judiciary's Foster Parenting Program to provide training for foster parents.

Your Committee has further amended this bill to correct nonsubstantive typographic errors.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1437, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1437, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 184 Human Services on H.B. No. 1448

The purpose of this bill is to appropriate moneys to expand the services under the Respite Services Program provided by the Senior Companion Program of the Department of Social Services and Housing.

Your Committee heard testimony indicating that for the past six years, the Respite Services Program has provided relief to over 300 family care givers caring for their elderly loved ones in their homes. The respite companions themselves are low-income, elderly individuals who work 19 hours per week serving between one to three clients per week by assisting with personal care services such as bathing, dressing, and grooming.

The increase of funds will allow the program to recruit and train an additional 10 respite companions who will be able to assist between 20-30 frail elderly clients to maintain their independence in the community and at the same time provide

day-to-day relief for the family care giver.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1448 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 185 Human Services on H.B. No. 26

The purpose of this bill is to establish a voluntary program for public assistance recipients providing career planning, job training, job placement, education, and support services.

Your Committee finds that a large number of public assistance recipients have the desire to become self-supporting. Although many recipients eventually obtain employment that allows them to become self-supporting, many others have not been able to obtain gainful employment because of a lack of sufficient formal education, or a lack of marketable skills, or both. These people often feel trapped because they are unable to work themselves out of their dependency on public assistance.

This dependency is responsible for considerable human and economic costs to society. On an individual level, many recipients have become frustrated because they are not engaged in economically productive activity, and they have experienced a loss of self-esteem because they are not able to provide for their families. Taking a broader perspective, the financial costs of public assistance programs are considerable, and a further loss to society can be measured in the unrealized potential productivity of recipients.

Many participants in public assistance programs want to expand their job skills, but do not have the means to do so. The voluntary workfare program proposed in this bill is intended to offer individuals the opportunity to develop skills and capabilities that would enable them to find productive jobs, and to become self-supporting by providing job training, educational opportunities, career planning, and job placement services.

Your Committee received considerable testimony from the Department of Labor and Industrial Relations (DLIR), the Department of Social Services and Housing (DSSH), the Single-Parent Family Advocacy Network (SPAN), and several single parents receiving public assistance. The testimony wholeheartedly supported the general intent of the bill to provide comprehensive services to enable those receiving public assistance to become self-sufficient. However, amendments to the bill were also recommended.

Testimony from DSSH recommended a temporary extension of Medicaid benefits to workfare participants who go on to obtain employment. Such a provision is included in the Massachusetts E & T Choices program, a highly successful program similar to the one proposed in the bill. The Massachusetts experience has shown that some former public assistance recipients have terminated employment to ensure uninterrupted Medicaid coverage. A temporary Medicaid extension to participants who obtain employment would serve to help prevent such recidivism.

Your Committees received testimony from DLIR noting similarities between the workfare program proposed by the bill and those employment programs funded by the federal government under the Job Training Partnership Act (JTPA). Citing a concern over possible duplication of efforts among different programs in the State, DLIR suggested that the bill require coordination between the proposed workfare program and JTPA programs.

The DLIR also submitted testimony recommending that unemployment insurance benefits be extended to workfare participants. The bill, as received by the Committee, exempts employers who provide on-the-job training to workfare enrollees from State unemployment insurance taxes, thereby excluding these enrollees from possible unemployment insurance benefits. However, since federal law does not contain a similar exclusion, employers would remain subject to the full 6.2% FUTA tax.

Your Committee has amended the bill by:

(1) amending Section 1 by establishing within the support services component a medical assistance subcomponent to provide ninety days of Medicaid coverage to participants after they have obtained employment in Section 1;

(2) amending Section 1 by adding a requirement that DSSH coordinate the proposed workfare program with other employment programs in Section 1; and

(3) deleting Section 4 to allow workfare enrollees engaged in on-the-job training to continue to be covered by unemployment insurance.

Other technical non-substantive amendments were also made for purposes of section renumbering and consistency.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 26, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 26, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 186 Human Services on H.B. No. 1144

The purpose of this bill is to reduce the incidence of elderly abuse or neglect by training those who work with older persons to identify and report suspected cases, and by developing an appropriate community education campaign.

Elderly abuse and neglect is a relatively recently recognized social problem whose proportions have yet to be fully understood. According to the most reliable estimates available, anywhere from four to twenty-five percent of the nation's older population is subject to abuse or neglect. Yet fewer than 150 reports of abuse or neglect were received by the Adult Protective Services program of the DSSH in 1986. Underreporting is in all likelihood due in large part to a lack of awareness about the problem.

Your Committee received abundant testimony in support of this bill from the Department of Social Services and Housing (DSSH), the Executive Office on Aging, the Honolulu Office of Human Resources, the Community Elderly Abuse and Neglect Task Force, Child and Family Service, Queen's Medical Center, Protection and Advocacy Agency of Hawaii, and the Founders Group of the Kokua Council for Senior Citizens.

Testimony indicated that since elderly abuse and neglect has only recently been recognized, efforts to combat this serious social problem are as yet sparse and uncoordinated. Even professionals who work with the elderly have not, for the most part, been trained to identify elderly persons who have been abused or who are high risks of abuse or neglect. Moreover elderly abuse or neglect cases are encountered, many of those who work with the elderly are confused about what action to take. This bill will help to reduce that confusion and to increase overall awareness of elderly abuse and neglect.

Your Committee heard this bill along with H.B. No. 1145, the purpose of which is to expand efforts to investigate suspected cases of elderly abuse and neglect by making an undesignated appropriation for the purchase of medical, legal, and financial services by the DSSH. Both of these bills share a common concern, that of combating elderly abuse and neglect. Your Committee also received considerable testimony in favor of H.B. No. 1145. Testimony indicated that the investigation of elderly abuse and neglect cases is hampered by the lack of resources devoted to this critical function, and that this bill will provide the specialized expertise needed to conduct thorough investigations.

For the purpose of consolidation, your Committee has seen fit to integrate the substance of both bills into one vehicle, H.B. No. 1144. Your Committee has therefore amended H.B. No. 1144 by adding Section 1 of H.B. No. 1145. Further information from DSSH regarding the amount needed for the purchase of medical, legal, and financial services are critical before a dollar amount can be determined. Therefore the sum appropriated for this purpose has been left blank.

Renumbering amendments and technical, nonsubstantive amendments, were made.

Your Committee on Human Services is in accord with the intent and purpose of

H.B. No. 1144, as amended herein, and recommends that it pass Second Reading in the form attached as H.B. No. 1144, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 187 Human Services on H.B. No. 1143

The purpose of this bill is to appropriate moneys in order to provide for a) training of professionals and others who care for persons afflicted with Alzheimer's disease and related disorders, b) a statewide conference on Alzheimer's disease, and c) for education and public information on Alzheimer's disease.

Your Committee received voluminous testimony in support of this measure. Your Committee finds that there is an increasing demand to train care providers of Alzheimer's patients and a need to educate the general public, as well as families and care givers of Alzheimer's patients and health professionals, about this increasingly serious public health problem. In this way, myths and misinformation may be replaced with understanding and facts and there will be an increased awareness of resources available.

After public awareness is effected, it is hoped that the community can join and work together to help the thousands of persons and their families who have been affected by this disease. A statewide conference on Alzheimer's disease will bring academics, care givers, legislators, practitioners and other concerned individuals together to discuss what can be done to alleviate the suffering of Alzheimer's patients and their families.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1143 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 188 Human Services on H.B. No. 1147

The purpose of this bill is to appropriate \$759,777 in fiscal year 1987-1988, and \$797,766 in fiscal year 1988-1989 for Rehabilitation Facilities of Hawaii, Inc., an association of rehabilitation agencies providing services to mentally retarded, developmentally disabled, and handicapped individuals in Hawaii.

Your Committee received testimony in support of this measure detailing the rising costs incurred by the agencies and the need for additional funding from the State for the agencies' respective purchase of service contracts in order to bring the level of funding up to program costs.

Your Committee believes that the overall result of granting the requested additional funding would be the enhancement of the efforts of these agencies to provide a more effective and efficient level of rehabilitation services to the target population of mentally retarded, developmentally disabled, and handicapped members of our State.

Your Committee has amended the amounts to be appropriated in this bill by inserting figures which will ensure that there are sufficient funds so that all of the agencies in the association will receive at least ninety percent of their total program costs. A five percent adjustment for inflation was allowed for the second year of the biennium.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1147, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 189 Human Services on H.B. No. 1146

The purpose of this bill is to appropriate \$735,523 in fiscal year 1987-1988, and \$772,300 in fiscal year 1988-1989 for Rehabilitation Facilities of Hawaii, Inc., an association of rehabilitation agencies providing services to mentally retarded, developmentally disabled, and handicapped individuals in Hawaii.

Your Committee received testimony in support of this measure detailing the rising costs incurred by the agencies and the need for additional funding from the State for the agencies' respective purchase of service contracts in order to bring the level of funding up to program costs.

Your Committee believes that the overall result of granting the requested additional funding would be the enhancement of the efforts of these agencies to provide a more effective and efficient level of rehabilitation services to the target population of mentally retarded, developmentally disabled, and handicapped members of our State.

Your Committee has amended the amounts to be appropriated in this bill by inserting figures which will ensure that there are sufficient funds so that all of the agencies in the association will receive at least ninety percent of their total program costs. A five percent adjustment for inflation was allowed for the second year of the biennium.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1146, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 190 Human Services on H.B. No. 1140

The purpose of this bill is to appropriate moneys for Parents Anonymous of Hawaii for the fiscal year 1987-1988.

Your Committee finds from testimony presented that this program provides a valuable and much needed service for children and their families who need to learn alternative parenting skills, child development milestones, and appropriate socialization and communication skills. Participation in a group setting with other parents provides a more supportive and less threatening atmosphere for these changes to occur. This self-help approach is beneficial in helping parents to identify their problems, accept responsibility for their actions, deal with their guilt and to help them learn more positive ways to handle their children.

Treatment services are frequently also needed, and the partnership of self-help and professional services provided in a centralized manner is advantageous for several reasons: it enables families to develop trust more easily because they have one agency to work with; the agency is able to develop an individualized treatment plan to meet the family's needs and ensure that the services are provided; and all services can be provided on an outreach basis at a time convenient to the family.

Your Committee believes this program is a valuable, effective and necessary resource to families in Hawaii in helping us to carry out our responsibility to ensure the safety of children in Hawaii.

Your Committee has amended the bill by inserting the figure "\$75,000" as the amount to be appropriated.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1140, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1140, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 191 Human Services on H.B. No. 1139

The purpose of this bill is to appropriate moneys for the health maintenance program of the Honolulu Gerontology Program (HGP) for rural Oahu.

Your Committee finds from testimony presented in support of this bill that the HGP has been designed to accommodate elderly individuals who are at risk of institutionalization because of acute and chronic physical and mental health problems and disabilities that cause them to become reclusive, depressed, and with a serious loss of self esteem. The goal of the program is to prevent decline and to improve the over-all quality of life for these individuals, to promote independence, and to avoid institutionalization and the need for other long term care services.

The Health Maintenance Program provides daily 1 1/2 hour sessions of therapeutic exercise, therapeutic discussion groups, health education and socialization. In addition, each client receives an in-depth assessment, social services and case management. A hallmark of the program is that the total person and family is considered--an essential factor in the success of the program.

Your Committee supports the request for moneys to continue the HGP's health maintenance program groups which were established last year in Waipahu, Haleiwa, Kaneohe, Waianae, and the Pearl City/Aiea/Halawa area.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1139 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 192 Consumer Protection and Commerce on H.B. No. 1536

The purpose of this bill is to establish the position of the Commissioner of Securities, who shall be appointed by the director of the Department of Commerce and Consumer Affairs with the approval of the Governor and who shall be exempt from the requirements of chapters 76 and 77.

The bill also appropriates a sum out of the general revenues of the State for each of the fiscal years 1987-1988 and 1988-1989 to carry out the purpose of the bill, including the hiring of necessary staff.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs in support of the bill. This bill will provide the necessary position to handle the areas of responsibility in the department which involve securities fraud, investment advisor problems, and commodities enforcement concerns.

Your Committee has amended the bill by appropriating the sum of \$55,404 for each of the fiscal years 1987-1988 and 1988-1989. Your Committee also made a technical, nonsubstantive correction to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1536, H.D. 1, and be referred to the Committee of Finance.

Signed by all members of the Committee.

SCRep. 193 Consumer Protection and Commerce on H.B. No. 842

The purpose of this bill is to establish a tax of 4.2824 per cent on the gross premiums received from all risks or property resident for both domestic and foreign insurers.

The bill also authorizes a tax credit of 1.3177 per cent on gross premiums received from all risks or property resident for each authorized insurer maintaining a home office in this state, except life insurers and ocean marine insurers, subject to the insurance premiums tax, and a tax credit of 1.279 per cent on gross premiums received from all risks resident within the state, subject to

the insurance premium tax.

The bill also provides a definition for "home office", which means an office performing or directing and supervising within this state and other functions pertaining to the transacting of insurance.

Your Committee has received testimonies from the Insurance Commissioner and the Tax Foundation of Hawaii. Your Committee notes that there are approximately twelve cases in the Hawaii Tax Appeal Court and approximately \$30 million held in escrow because of the problem of the different premium taxes paid by domestic and foreign insurers. Your Committee also notes that the Supreme Court has held in Metropolitan v. Ward, 105 S. Ct. 1676 (1985), that discriminatory practices are in violation of the equal protection clause of the U. S. Constitution. Although not all issues have been resolved, your Committee finds that a single rate on all insurers, regardless of whether or not the insurer is a domestic or a foreign insurer, is a means to rectify the problem.

Your Committee also finds that a tax credit is necessary for authorized insurers maintaining a home office in Hawaii because the credit promotes the public interest, helps stimulate the state's economy, and contributes to the general welfare of the people.

Your Committee, however, has held a public hearing on and passed H. B. No. 410, H. D. 1, which is the major revision of the insurance law and which contains similar provisions of this bill. It is the intent of your Committee that in the event that both of these bills are enacted, H. B. No. 410, H. D. 1, shall control. Your Committee has amended section 3 of the bill in accordance with this intent. Your Committee also has made technical, nonsubstantive corrections to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 842, H. D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Peters, Takamine and Jones.

SCRep. 194 Consumer Protection and Commerce on H.B. No. 1857

The purpose of this bill is to remove those provisions in Chapter 480, Hawaii Revised Statutes, pertaining to unfair competition and unfair and deceptive acts and practices, and to replace them into a new Part II of Chapter 487, pertaining to the Office of Consumer Protection. It is the intent of this bill to focus the application of those provisions to protection of consumers rather than to disputes between businesses and to clarify the application with regards to consumer protection.

The bill also makes changes as follows:

1. The courts and the Office of Consumer Protection shall be guided by rules of interpretation given by the Federal Trade Commission;
2. Require that an act is unfair if it is likely to cause substantial injury to consumers and that the substantial injury is not reasonably avoidable by the consumer and is not outweighed by countervailing benefits to consumers or to competition;
3. Require that an act is deceptive if it has a tendency or capacity to mislead a substantial number of consumers in a material respect;
4. Eliminate the need to show that a suit is in the public interest;
5. Provides that where there are per se violations or deceptive acts as provided by law, requirements under the bill do not need to apply.

Your Committee has received testimonies from the Office of Consumer Protection and attorneys concerned with the application of section 480-2 to disputes between businesses. Your Committee has been informed that in practice, the section is used by businesses to convert routine business litigation into high stakes treble

damage actions. By enacting this bill, your Committee hopes to clarify that causes of action for unfair and deceptive practices are for the protection of consumers.

However, your Committee does not intend to decrease any authority or responsibility now held by the Attorney General or the Office of Consumer Protection. In accordance with this intent, your Committee has made amendments to the bill as follows:

1. Deleted "practices in business or industry" on page 2, line 18, of the bill and added "court procedural rules" in order that industry practice not be used as a defense to an unfair act or practice claim and in order to include court procedural rules which are routinely violated by creditors in default situations;

2. Included a provision which would exempt the Attorney General and the Office of Consumer Protection from restrictions imposed by the requirements of this bill;

3. Amended the provision pertaining to limitations of actions to exempt a cause of action for a continuing violation to extend the statute of limitations where a state agency is investigating or prosecuting a claim;

4. Provided a new provision which duplicated Section 480-22, Hawaii Revised Statutes, pertaining to a judgment in favor of the State as prima facie evidence in a private action, and also included proceedings under Chapters 487 and 480.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 1857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 1857, H. D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Peters, Takamine and Jones.

SCRep. 195 Agriculture on H.B. No. 876

The purpose of this bill is to update and clarify the language of Chapter 152 of the Hawaii Revised Statutes relating to noxious weed control.

Your Committee finds that the addition of new terms to the list of definitions, as well as the general updating and clarification of the language in Chapter 152, will improve the administration of this chapter.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 876, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 196 Agriculture on H.B. No. 1312

The purpose of this bill is to amend Chapter 164-1 of the Hawaii Revised Statutes in order that the salary of the special assistant to the Governor for agriculture who serves as the chairperson of the Governor's Agriculture Coordinating Committee shall be fixed by the Governor rather than by statute.

Your Committee on Agriculture finds that this bill would once again give the Governor flexibility in determining what the compensation for the chairperson should be.

Your Committee also finds that the chairperson is a special assistant to the Governor, and the Governor is well aware of the duties performed by this position under Chapter 164 and by special legislation.

Your Committee further suggests that all other such special assistant to the Governor positions be examined, and in the interest of consistency be granted this same consideration, and that the salaries be fixed by the Governor rather than by statute.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1312, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 197 Agriculture on H.B. No. 508

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$950,000 and an appropriation of funds, as may be necessary for fiscal years 1987-1988, 1988-1989, and 1989-1990 for the renovation of the Komohana Agriculture complex located at 875 Komohana Street, Hilo, Hawaii.

Your Committee finds that the funds may be used for planning, design, construction, and equipment.

Your Committee also finds that presently, the Hawaii county research and extension faculty are housed in two different locations that are more than a mile apart. The office and laboratory space provided by this project will enable faculty who are presently located at the Beaumont Research Center, to move to the Komohana Agriculture Complex where extension and research faculty are located.

Your Committee further finds that this project would allow for more optimum interaction between research and extension faculty, which would in turn benefit the farmers who sometimes require the assistance from both. The project would also benefit Hawaii Community College, especially since Hawaii Community College prefers to be relocated to the University of Hawaii at Hilo for administrative reasons and for the convenience of the students.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 508, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 198 Tourism on H.B. No. 1365

The purpose of this bill is to amend Section 237D-2(a), Hawaii Revised Statutes, by: (1) specifying that the tax required under this chapter shall be imposed on gross rental or gross rental proceeds rather than gross income or gross proceeds and (2) providing that the words "gross rental" or "gross rental proceeds" shall not include any amount passed-on, collected, or received as part of the receipts received for the furnishing of transient accommodations.

The application of the transient accommodations tax is presently patterned after the general excise tax, i.e., a tax measured by the amount of gross income received. This bill proposes to define the amount actually subject to the 5 per cent tax as that amount which was charged for the room and not any amount that may have been added to the bill as a pass-on of the 5 per cent tax. Thus, the amount that would be remitted to the Department of Taxation (Department) would be the same as any amount that the hotel operator would show as the transient accommodations tax on the bill to the visitor.

Your Committee believes that the charge for doing business in Hawaii is already imposed under the general excise tax which is a tax on gross proceeds. It is already acknowledged that the transient accommodations tax is an additional tax on a particular type of activity. Therefore, your Committee feels that the transient accommodations tax should not be imposed on the basis of the room charge plus any amount passed-on due to the 5 per cent tax.

Your Committee has made major amendments to H.B. No. 1365. These major amendments have been made by adopting the provisions of H.B. No. 1516, H.D. 1. The Department of Taxation strongly urged the enactment of H.B. No. 1516, H.D. 1, which is an administration sponsored bill. Briefly, the purpose of H.B. No. 1516, H.D. 1, is to make housekeeping and technical amendments for imposition of the transient accommodations tax under Chapter 237D, Hawaii Revised Statutes.

The following is a short description of the provisions contained in H.B. No. 1516, H.D. 1, now contained in H.B. No. 1365, H.D. 1.

(1) Two new definitions are provided under Section 2 of the bill: "gross rental" or "gross rental proceeds" and "transient accommodations". "Gross rental" or "gross rental proceeds" incorporate the language of Section 237-3, Hawaii Revised Statutes (general excise tax section). There is also provisions which have been added that such terms shall not be construed to include: (1) general excise taxes passed on, collected, and received from the consumer, (2) pro-rata share of amounts representing travel agency's or tour packager's receipts from the rental of accommodations (only the portion allocated or distributed to and received by the operator of the transient accommodation is subject to tax), and (3) the market rate of accommodation whenever the accommodation is rented to identifiable groups of individuals, such as kamaainas (only the scheduled rate received and recorded in the books is subject to tax). The second definition, i.e., transient accommodations, uses the language used in Act 340, Session Laws of Hawaii 1986; language is added to ensure that contract carriers (by water) and boats or vessels which provide living quarters, sleeping or housekeeping accommodations to their passengers are included in the definition.

(2) Section 1 of the amended form of the bill contains language providing for the apportionment of gross rental or gross rental proceeds which have been included in order that the proper transient accommodations tax to be computed and reported by contract carriers by water (cruise ships) can be accomplished. The necessity for this provision stems from the fact that the contract carriers by water may be sailing beyond the statutory three-mile limit which activity, under the Constitution or laws of the United States, is not subject to any taxation laws of the State.

(3) Section 1 of the bill also makes the provisions of Section 237-30.5, Hawaii Revised Statutes, applicable to the transient accommodations tax. These provisions have been added due to the large number of out-of-state taxpayers engaged in the activity of renting transient accommodations through the services of authorized local rental agents (subject to Chapter 467, Hawaii Revised Statutes,), the Department recognized the need to enhance its compliance program by informing such out-of-state taxpayers of their tax obligations.

(3) All rentals of real property generally are subject to the general excise tax; in the case of transient accommodations tax exemption from the tax is provided when accommodations are let under certain situations or by certain persons. The explanation of the differences in the taxable bases for the two taxes is a time-saving mechanism for both taxpayers and the Department. For compliance clarification purposes, the reconciliation form requirement, incorporated under Section 1 of the bill, serves as a positive administrative tool in overseeing that all taxable gross rentals are reported.

(4) Section 4 of the bill clarifies the exemptions available under the tax. The exemption accorded religious, charitable or educational oriented organizations is limited to such organization's nonprofit activities and not to any rental or gross rental received. The exemption granted for living accommodations furnished to persons in the military on permanent duty assignment to Hawaii is clarified to include accommodations furnished to military personnel receiving temporary lodging allowances while seeking accommodations in Hawaii or while awaiting reassignment to new duty stations outside the State. Also exempted are operators of for profit transient accommodations who provide accommodations for full-time students enrolled in post secondary schools or students during summer employment, and accommodations furnished without charge (complimentary accommodations), including those to persons, contract personnel who receive no salary, or to employees who receive room and board as part of their salary.

(5) Clarifying language is added, under Section 5 of the bill, to indicate that the registration, or a notice stating where the registration may be inspected, shall be displayed at the place for which it is issued.

(6) Procedural and other administrative requirements (filing of monthly, quarterly, semiannual and annual returns, request for extension for filing returns, assessment of tax upon failure to make returns, and overpayment and refunds) are provided under Sections 6 and 7 of the bill.

Your Committee, upon the request of the Tax Department, have made the following amendments to this bill:

(1) The effective date section (Section 9) of H.B. No. 1516, H.D. 1 has been substituted for the effective date provision originally in H.B. No. 1361; except that it has been amended to read as follows: "This Act shall take effect on July 1, 1987, except that Section 2(1) and 4 shall take effect on January 1, 1987." (The effective date of H.B. No. 1361 was amended to remove its retroactive provision after consultation with representatives of the visitor industry).

(2) On page 6, line 16 of the original bill, the phrase "at noncommissioned negotiated contract rates" was inserted between the words "packager" and "and" to clarify the arrangement between the tour packager and the operator of the transient accommodation for purposes of taxable income division.

(3) Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of clarity.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1365, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1365, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 199 Tourism on H.B. No. 1633

The purpose of this bill is to establish a Hawaii Health-Promotion Travel Industry Council and marketing network designed to initiate and coordinate the international marketing of the health-promotion facilities and programs offered in Hawaii. This Council is intended to bring together the expertise of both the visitor and health care industries, to promote and upgrade the services of both industries, and to increase the number and quality of jobs in both industries, so that Hawaii will be recognized as a major world health care center.

This Act establishes a Hawaii Health-Promotion Travel Industry Council to implement the purposes of this Act, composed of seven members appointed by the Governor, who shall serve without compensation except for reimbursement of expenses incurred in the performance of their duties, and who shall have specific enumerated duties.

An appropriation from the general revenues of the State for fiscal year 1987-1988 to staff and carry out the purposes of this Act has been left unspecified, since your Committee believes that House Committee on Finance, after review of the entire state's budget, would be in a better position to determine the amount of funds to be appropriated.

Your Committee has amended this bill by making a minor technical change which does not affect the substance of the bill.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1633, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1633, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 200 Tourism on H.B. No. 790 (Majority)

The purpose of this bill is to select Magic Island and the area mauka of Magic Island as the site for a convention center in Hawaii.

Your Committee has received voluminous testimony on the issue of the appropriate site for the Hawaii convention center. Indeed, the issue has been the subject of numerous debates and several in-depth studies. After diligent examination of these studies, i.e., completed by: (a) the Legislative Reference Bureau, (b) the Hawaii Convention Park Council, and (c) the department of planning and economic development, and after consideration of all the testimonies presented, your Committee has selected a convention center site based on prudence and reason and that is in the best interests of our local people and the visitor industry alike.

Your Committee wants to emphasize before the following discussion that we

support the Magic Island site only if additional recreation acreage is provided to replace that which will be occupied by the center. Further, your Committee is in support of construction of a convention center as a whole because we believe that it will stimulate economic growth in the state, and the revenues generated by the center will help fund programs which will meet the needs of the people of Hawaii. These include programs for quality education for our children; human and health services for the elderly and gap groups; and the construction and maintenance of our infrastructure. We feel the need for these revenues all the more keenly now that the federal government is cutting back on aid to states and the counties.

Your Committee finds that Magic Island and the area mauka of Magic Island would be the most appropriate site for the construction of a convention center. Those wanting Ft. DeRussy feel that the convention center should be close to the center of the tourist industry, i.e., Waikiki. Those supporters of Ft. Armstrong feel that locating the convention center in this area would stimulate more economic growth in the downtown/Kakaako area. The Magic Island site is a compromise choice between those major groups opting for a convention center at Ft. DeRussy and one at Ft. Armstrong. Magic Island is close enough to Waikiki to be within walking distance of many of the hotels. It is also close to Ft. Armstrong and will serve to draw people to the Kakaako/downtown area in the future. The proximity of Magic Island to a major shopping center, the Ala Moana Shopping Center, and to Fort Armstrong (should this area be developed into a major business center, i.e., the site of a world trade center) makes a convention center built there attractive to conventioners and to those who determine where conventions are to be held. In this manner a convention center located on Magic Island would be a catalyst, drawing people to these business areas and would help to infuse moneys into the State's economy.

The Magic Island convention center, surrounded by water will be a place of stunning natural beauty. It will become a Hawaii landmark recognized around the world. As word of our convention center spreads, it will become a prestigious and sought after site for national and international gatherings.

Cost wise, locating the convention center at Ala Moana would be advantageous to the State in that its construction would not displace any major existing facilities, businesses, or structures or require removal or renovation thereof, thereby saving the state substantial demolition, relocation, or renovation costs. With regards to Ft. DeRussy, there is strong indication from the federal government that they do not wish to part with this parcel and would do so only at great expense to the State. Added to this expense would be the additional costs of major renovation and relocation of existing facilities.

The selection and construction of the convention center on Magic Island would be quite consistent with the future growth of the State and allow for the highest and best use of the convention center. For example, the proximity of the site to the sea lanes allows the Magic Island convention center to be accessible by water. This accessibility is aided by the fact that deep draft harbors are already in existence on the Diamond Head side of the site as well as on the ewa side at Kewalo Basin. Convention goers staying in Waikiki could be transported to Magic Island by boats travelling along the Ala Wai canal. These canal boats could dock on the Diamond Head side of Magic Island to discharge and pick up passengers. In the future, use of the sea lanes will allow tourists who will be staying at the yet to be constructed facilities at West Beach (at what has been called the "Second Waikiki") to attend convention activities via the ocean instead of adding to the already congested highways and streets leading into downtown Honolulu. Further, a secondary aspect of this increased use of tour boats or a ferry system to accommodate these tourists from West Beach will be the creation of more jobs thereby adding to the economy of the State. Finally, an ocean accessible convention center would have an advantage over one in-land based, e.g., the Ala Wai site, since the attendant growth of the population on the island would inevitably lead to increased traffic congestion around the convention center site. Therefore, due to its easy access to the sea lanes, a Magic Island based convention center site would be the best location with regards to mitigating the increase in traffic congestion that will occur in the future.

In examining the studies completed by the department of planning and economic development, the Hawaii Convention Park Council and the LRB, your Committee noted that there are three common problems associated with all the possible convention center sites, i.e., the traffic increase, foundation-pilings will have to be driven for each site, and possible social implication, e.g., public reaction--decreasing of recreational areas, etc.. The Magic Island site with its alternative

ocean accessibility will alleviate much of the traffic increase associated with a convention center. Further, if the traffic flow on Kalakaua Avenue is reversed, buses from the Waikiki hotels alongside or near Kalakaua will have a direct route to the convention center. Traffic on Ala Wai Boulevard could be reversed to accommodate outbound traffic. As stated earlier all sites will require pilings to be driven so all the sites are almost equivalent in this regard. With regard to the social implications, i.e., the taking of recreational, open space from the public, it is the intent of your Committee that (1) the remaining recreational areas of Ala Moana Park be unmolested by the construction of a Magic Island convention center; (2) the completed convention center design be consistent with the park's environmental makeup and recreational uses of the park, e.g., the design of the park use underground parking and structures as much as possible; (3) the Magic Island convention site design shall incorporate an open perimeter which will preserve the shoreline pathways which are used presently for recreational jogging and walking; (4) the State shall create additional shoreline park space in the Ala Moana area, e.g., creating another Magic Island at the ewa end of Ala Moana, creation of a park at Point Panic (Kewalo Basin), and/or creation of a park at Fort Armstrong, to compensate for the reduction of Magic Island from recreational use; and (5) the additional shoreline park area shall be developed and open to public use prior to the start of construction of a convention center.

Your Committee has received much testimony from various groups indicating that the proper site for the convention center is in or near Waikiki. The Legislative Reference Bureau study had stated that the convention center had to be located in or near Waikiki if the primary orientation of the center was the out-of-state convention market. The Hawaii Visitors Bureau, Jobs, the Hawaii Hotel Association, the Economic Development Corporation of Honolulu, and the Hawaii Chamber of Commerce have all testified in favor of a site in or near Waikiki. At the same time there has strong commentary on the Fort DeRussy site as too expensive. One testifier had stated that the Fort DeRussy site is an "irreplaceable treasure for civilians and the military alike." A convention center located at Magic Island fills the requirement of being close to Waikiki but does not have the aforementioned problems associated with a Ft. DeRussy site.

It is the intent of your Committee that the convention center constructed at Magic Island be multi-purposed. Other sites considered would have extremely limited parking area. The rationale for this limitation is that the convention center would be used exclusively by visitors, who would be bused to the center. But if the convention center were to include parking facilities, it would be convenient for use by Hawaii residents for functions such as graduations, weddings, and luaus. An underground parking structure would be built just mauka of Magic Island. After construction, it could be covered with dirt, replanted, and restored for park use.

Your Committee believes that this is a critical time to choose a convention site. Time and money would be saved since studies or deliberations by a site selection authority would be unnecessary. Further, if a site is selected immediately, the cost to finance the convention center would be less since interest rates to pay the debt service costs of the construction of the center are presently low.

Your Committee has amended this bill by making the following changes:

(1) The findings and purposes section of the bill has been amended to delineate more clearly the reason for the selection of Magic Island as the site for the convention center.

(2) The area mauka of Magic Island has been described in greater detail as follows:

The boundaries of the area mauka of Magic Island, except for the area occupied by the open perimeter provided for jogging and walking, is defined in the following manner:

- (1) The mauka boundary is the Ala Moana Boulevard.
- (2) The Diamond Head boundary is the shores of the drainage pond.
- (3) The ewa boundary is a line drawn from the ewa-mauka most corner of the Magic Island parking lot perpendicular to Ala Moana Boulevard.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 790, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 790, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

(Representatives Bellinger, Hirono, Taniguchi and Tungpalan did not concur.)

SCRep. 201 Tourism on H.B. No. 1638

The purpose of this bill is to require the Legislative Auditor's office to conduct a management and program audit of the Hawaii Visitors Bureau (HVB) every fourth year.

The Legislative Auditor has just completed an audit of HVB. The report is entitled: "Management Audit of the Hawaii Visitors Bureau and the State's Tourism Program." The major focus of the audit was on the operations of the HVB and the principle recommendations of the auditor were that the HVB improve its planning, organizational management, and budgeting processes to better coordinate and implement its programs and to clarify the functions of its various organizational units.

In light of the auditor's report your Committee believes that to insure the requirements espoused by HVB above, the HVB should be audited on a more timely and regular basis. HVB testified in support of H.B. No. 1638, however they suggested that the Department of Planning and Economic Development conduct the audit via a private auditing firm. Your Committee has taken into the consideration the suggestions of the HVB and has amended the bill as follows:

(1) The auditing function required by this bill shall remain the responsibility of the Legislative Auditor, however the actual audit will be conducted by an independent auditing firm engaged by the Legislative Auditor under contract.

(2) The HVB and "any other organization contracting with the Department of Planning and Economic Development with regards to tourist related activities" will be required to submit to the audit.

(3) Each audit shall be conducted under a contract which shall include the scope and specifications pursuant to which the audit shall be conducted as determined by the auditor.

(4) The provisions for the audit have been moved from under Chapter 203, Hawaii Revised Statutes, to Section 23-4, Hawaii Revised Statutes.

(5) Section 1 of the bill has been amended to conform to the aforementioned amendments.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1638, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1638, H.D. 1, and be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 202 Labor and Public Employment on H.B. No. 372

The purpose of this bill is to amend Hawaii Revised Statutes, Section 387-4 which prohibits wage discrimination by adding subsection (b) to this section requiring that employers compensate "tipped employees" in amounts which shall include tips and gratuities in the calculation of what amount employers shall pay employees for vacation benefits. Such compensation shall include tips and gratuities as "wages" to the extent reported to the internal revenue service as income by the employee.

Your Committee has reviewed and carefully considered existing practices in the community and finds a pattern developing where tipped employees are discouraged from going on vacations because they are not fully compensated for their lost wages during their absence. Accordingly, your Committee has determined that

existing law needs to be amended to encourage employees to take the much needed vacations without being discriminated against in the compensation they receive. The bill also amends Section 387-1 to appropriately incorporate the needed change into the definitions section of the law.

Your Committee has amended H.B. 372 to limit the scope of this measure to vacations only and not to other leaves of absences.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. 372, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 372, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 203 Tourism on H.B. No. 1361

The purpose of this bill is to amend Section 237-18, Hawaii Revised Statutes, by adding specific language to tax, for general excise tax purpose, only a portion of the gross income allocated or distributed to and received by the operator of a transient accommodation.

Your Committee is cognizant of the fact that general excise tax is a privilege tax imposed against persons on account of their business and other activities in the State which is measured by the application of rates against values of products, gross proceeds of sales, or gross income, as explained in the testimony of the Tax Department.

However, your Committee feels that this bill eliminates what has been termed "grossing up" with regards to transient accommodations, in transactions involving tour packagers. In such a situation a hotel offers a 10 percent commission to a travel agent. The hotel may collect \$100 from the agent and return to the agent \$10, or the agent may collect \$100 and return only \$90 to the hotel. In both situations the hotel must pay the general excise on the \$100 room rental. Your committee feels that such a situation described above is inequitable.

Your Committee feels that the Department of Taxation should follow the lead of legislation passed in the previous session. Under Act 340, Section 7, Hawaii Session Laws 1986, and for purposes of the excise tax, the Legislature provided that where tourism related services are furnished through arrangements made by a travel agency or tour packager and the gross income is divided between the provider of services on the one hand and the travel agency or tour packager on the other hand, the tax imposed by this chapter shall apply to each such person with respect to such person's respective portion of the proceeds, and no more. For purposes of Act 340, "tourism related services" mean catamaran cruises, canoe rider, dinner cruises, and sightseeing tours. The furnishing of transient accommodations are "tourism related" services and should receive the same treatment allowed under Act 340 for purposes of the general excise tax.

Further, the implementation of the provisions of this bill will be consistent with the position that the Tax Department has taken with regards to tour packager and transient accommodations operator arrangements under the transient accommodations tax.

Your Committee, has made the following amendments with regards to the bill at the request of the Tax Department:

(1) On page 4, line 19, of the bill the phrase "at noncommissioned negotiated contract rates" has been inserted between the words packager" and "and" to clarify the type of agreement that shall also exist between the tour packager and operator of the transient accommodations for allowing taxation of only income received by the parties involved; and

(2) The phrase "and; provided that, if a taxpayer and the Department entered into an agreement pursuant to an audit base on the law under Chapter 237, Hawaii Revised Statutes, prior to July 1, 1985, this Act shall apply" was added to the end of Section 3 of the bill to ensure the integrity of those agreements and avoid unnecessary loss of revenue to the State.

Your Committee on Tourism 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. 204 Tourism on H.B. No. 1421

The purpose of this bill is to provide funds for the completion of the Kalakaua Avenue Safety and Beautification Project.

By way of a brief background, the Twelfth State Legislature in 1984 approved Act 285, SLH, which appropriated \$3.84 million for the design and construction of general improvements to Waikiki, including widening and landscaping of sidewalks on Kalakaua Avenue. The project was to be financed by the State and the City on an 80% to 20% ratio.

Although the original estimate for this project was \$7 million, this estimate was based on incomplete information of the extent of the improvements, and the Environmental Impact Statement, both of which were still pending when the project was begun in 1986.

Consequently, the actual cost of the project, as determined through the required bid process and accepted by City, has amounted to \$10.5 million, which exceeds the appropriated funds by \$3.6 million. The City Council approved a supplemental appropriation of \$3.7 million to award the contract and to proceed with the project. However, the City currently lacks the financial resources to fully implement this beautification project.

In keeping with the spirit and intent of Act 285, your Committee recommends that the State increase its financial contribution to this project to reflect its 80% share as originally intended under this Act.

Your Committee further recommends that based on the historical significance of this matter, funding for this project remain separate from any other funding or appropriation allocated to the City.

As received by this Committee, the amount to be appropriated by the State and the matching amount to be required from the City were not specified. Your Committee has left these amounts unspecified in order to allow the Committee on Finance the greatest flexibility in determining the appropriate sums, based on the total amount of funds available.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1421 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 205 Tourism on H.B. No. 1114

The purpose of this bill is to appropriate the sum of \$50,000 from the general revenues of the State of Hawaii to the Visitor Industry Education Council (VIEC) for the production of an educational film on the benefits of tourism.

Your Committee finds that jobs for Hawaii's youth and future work force have long been an issue of great concern to the people of Hawaii. The film will address every possible avenue of visitor industry career training including: on the job, union trade school, community college, university and schools of travel industry management. Films earlier produced by VIEC have been effective in making Hawaii's youth aware of the positive impact of the visitor industry and the jobs it creates.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1114 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 206 Tourism on H.B. No. 1417

The purpose of this bill is to appropriate out of the general revenues of the State, the sum of \$36,000 for the Office of Tourism of the Department of Planning and Economic Development (DPED) to contract for a temporary position to assist in the implementation of the tourism impact management plan specifically on the islands other than Oahu.

Your Committee received testimony from DPED that the Department had begun to implement the Tourism Impact Management System (TIMS) as required by Act 159, Session Laws of Hawaii 1986. DPED stated that they have detailed a work program for TIMS and have recently established two temporary positions to carry it out. DPED continued that their major activity for the remainder of this fiscal year will be to develop a case survey of general residents and integrate the system with the State Tourism Functional Plan. Further, DPED stated that while their direction will be statewide, an additional position will give them the ability to focus more on the neighbor islands and address the dynamic development of their visitor industry.

Your Committee believes that the TIMS system should continue to be supported by the Legislature since it is well recognized that in order for tourism to continue to thrive, it must have the support of Hawaii's residents and their concerns about the negative aspects of tourism must be addressed.

Upon further consideration, your Committee has made the following amendments:

(1) The amount of the appropriation has been left unspecified since your Committee believes that House Committee on Finance would, after review of the entire State's budget, be in a better position to determine the amount of funds to be appropriated.

(2) The reference to the Office of Tourism has been changed to the Tourism Branch for accuracy sake.

Your Committee on Tourism is in accord and with the intent and purpose of H.B. No. 1417, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as H.B. No. 1417, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 207 Ocean and Marine Resources on H.B. No. 1544 (Majority)

The purpose of this bill is to appropriate a sum of \$175,000 to provide a grant-in-aid to the ship Píoanela for the voyage of scientific study in the areas of oceanography, alternate advanced navigational methods, the culture and the arts, the humanities, and promotion of economic exchanges.

The ship will sail west from Hawaii in the summer of 1987 and will enter the South Pacific on its first leg in the circumnavigation of the globe. Píoanela's purpose is to study the discovery of certain areas of the southwest Pacific Basin and to retrace the voyage of the vessel "Priscilla" from Portugal to Honolulu in 1878.

Your Committee expressed concern that private sector contributions to the voyage be confirmed before the expenditure of State funds. Your Committee also expressed concern about the expenditure of funds already appropriated to Viagem da Píoanela.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1544 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Fukunaga.
(Representatives Levin and Isbell did not concur.)

SCRep. 208 Ocean and Marine Resources on H.B. No. 239 (Majority)

The purpose of this bill is to amend Act 345, Session Laws of Hawaii 1986,

Section 6 by repealing Item 1, Economic Development, thus withdrawing funding for the Ocean Awareness Center proposed at Sea Life Park. Additionally, this bill would make a \$16,000,000 appropriation for the purchase of Coconut Island.

Your Committee had previously passed H.B. No. 20 for Second Reading. This bill created an Ocean Center Planning Council. The Council shall study, review, and identify coastal sites that would provide maximum educational and research use, as well as prepare long range plans for design and construction of a facility for a Hawaii Ocean Center. In this way, comprehensive analysis of an Ocean Center can be completed before construction of a facility begins.

This bill also authorizes a sum of \$16,000,000 to be appropriated for the purchase of Coconut Island, thus using the funds for ocean-related purposes, in accordance with the intent of the original appropriation for an Ocean Center at Sea Life Park.

Your Committee has amended the second section of the bill to specify that Coconut Island shall be purchased, rather than Palmyra Island, since the State already conducts oceanographic research at Coconut Island.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 239, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 239, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Fukunaga.
(Representative O'Kieffe did not concur.)

SCRep. 209 Ocean and Marine Resources on H.B. No. 1882

The purpose of this bill is to make an appropriation to the Hawaii Undersea Research Laboratory (HURL) of the University of Hawaii.

The University of Hawaii testified that HURL is the only undersea laboratory in the world whose sole mission is to study deepwater processes and resources of the inner space of mid-ocean tropical islands. Established in 1980 by a cooperative agreement between the Federal government (NOAA) and the University of Hawaii, HURL is the only academic institution in the nation to operate two deep diving submersibles. The location of the laboratory in Hawaii presents the State with a golden opportunity to directly study the natural resources, natural processes, and man's impact upon the submarine environment of the Hawaiian Islands and the Hawaiian Exclusive Economic Zone.

Although Federal funding for HURL has increased in the past three years, from \$700,000 per year to the current rate of \$2,100,000 per year, no direct State or University financial support has taken place to date. In order to maintain the current level of funding from the Federal government, HURL is requesting an appropriation of \$261,327.

Your Committee made a technical, nonsubstantive amendment to correct a typographical error on line 2. The amount of the appropriation was changed from "\$261.327" to "\$261,327."

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1882, 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. 1882, H.D. 1.

Signed by all members of the Committee except Representative Fukunaga.

SCRep. 210 Ocean and Marine Resources on H.B. No. 1128

The purpose of this bill is to make an appropriation for the project to improve the fresh tuna industry in Hawaii by continuing the efforts to decrease the incidence of burnt tuna syndrome (BTS) and expand extension work throughout the State to reduce BTS.

Your Committee finds that BTS plagues many ahi handline fishermen and trollers in Hawaii, dramatically reducing the value of the ahi as it renders the fish un-

suitable for consumption as sashimi. The estimated revenue loss to the industry and the State is more than \$1 million annually. BTS is a major impediment to the expansion and full development of Hawaii's sashimi market.

The Department of Land and Natural Resources had previously provided funds to Dr. Robert Nakamura at the University of Hawaii to develop a uniform system for burnt tuna classification, to produce an accurate, simple, and fast test for BTS, and to study factors that contribute to BTS.

Dr. Nakamura has studied BTS since 1982. His research led to the conclusion that BTS is due to poor handling and inadequate cooling of fish.

In light of the Department of Land and Natural Resources' intensive work in the study of BTS, your Committee has amended the second section of this bill to designate the Department of Land and Natural Resources as the administrative agency for this appropriation.

Your Committee has also amended this bill to change the appropriation from \$120,428 for each of the next two fiscal years to a sum of \$59,703 for fiscal year 1987-1988 and \$60,905 for 1988-1989, which is a total of \$120,608 for the biennium as proposed by the University of Hawaii.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1128, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1128, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Fukunaga.

SCRep. 211 Ocean and Marine Resources on H.B. No. 1880

The purpose of this bill is to make an appropriation for the sum of \$200,000; \$100,000 each for the Hawaii Ocean Experiment and the Center for Ocean Resources Technology Program.

Your Committee finds that world-renowned oceanographers are interested in conducting full-scale experiments in cooperation with the University of Hawaii through these two projects: the Hawaii Ocean Experiment (HOE) and the Center for Ocean Resources Technology Program (CORT).

Hawaii's island setting offers unique opportunities for addressing oceanographic issues of a global nature including: the prediction of ocean currents, the effect of oceanic eddies on the life cycle of fish, and the diffusion of ocean-dumped substances into the water column and on the ocean floor.

HOE is a comprehensive, interdisciplinary, cooperative oceanographic research project designed for the study of the Hawaiian waters. It ideally combines two fundamental aspects of ocean research in Hawaii: first, it will greatly enhance our knowledge of the Hawaiian waters, and second, it is suitable to attract large federally funded research projects.

CORT will spearhead the technology to develop ocean resources in the 200-mile radius around Hawaii, known as the Exclusive Economic Zone. Its multidisciplinary team will focus on the development of ocean technology that can transform the resources of the sea into products that Pacific societies require for improved standards of living.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1880 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 212 Planning, Energy and Environmental Protection on H.B. No. 733

The purpose of this bill is to appropriate \$28,000 to continue the maintenance of the Hawaii pesticides information retrieval system (HPIRS) by the Cooperative Extension Service of the College of Tropical Agriculture and Human Resources.

Your Committee finds that due to the great number of pesticides available, it is difficult for a farmer to know what pesticide is allowed for use on a particular crop. If a pesticide is not licensed for use on a crop and any amount of that pesticide is detected by the Department of Health, it is a violation. Such violations can be reduced by ensuring that farmers are aware of what pesticides are licensed for use on a certain crop through the use of HPIRS. The current system brings together all of the necessary information on the safe and effective use of pesticides in Hawaii.

Your Committee further finds that the HPIRS system has become the information source for decision making on pesticide use in Hawaii and it must be kept up-to-date because new chemicals are continually being added and other chemicals and uses are being removed.

Your Committee has amended this bill by designating the Governor's Agriculture Coordinating Committee as the expending agency for these funds.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 733, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 733, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 213 Planning, Energy and Environmental Protection on H.B. No. 656

The purpose of this bill is to amend Act 145, SLH 1984, by clarifying that the electrical output of wind energy facilities established under the Act shall be made available to members of the general public through its sale to the Hawaiian Electric Light Company, Inc. This bill also removes reference to "5 megawatt" wind farm facilities in the Act.

Your Committee finds that Act 145, SLH 1984, authorized the issuance of \$12 million in special purpose revenue bonds to assist Kamakani Ikaika, Inc., or a partnership in which the corporation is a general partner, in its efforts to establish a wind energy farm. Consequently, a joint venture known as Kamaoa Wind Energy Partners has been formed for the purpose of constructing a 10 megawatt wind energy farm on the island of Hawaii. The partnership has obtained interim financing and a purchase power agreement with the Hawaiian Electric Light Company has been executed.

Your Committee finds that the amendments proposed in this bill will clarify Act 145 and satisfy technical concerns which have developed. These amendments will have no impact on the 1987 State allocation of special purpose revenue bonds.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No 656 and recommends that it pass Second Reading and be referred to the Committee on Finance

Signed by all members of the Committee.

SCRep. 214 Planning, Energy and Environmental Protection on H.B. No.
1504 (Majority)

The purpose of this bill is to provide for the appeal of a Special Management Area permit decision in a contested case proceeding to be filed directly with the Supreme Court.

Your Committee finds shoreline development projects often generate substantial public interest and concern and are frequently the focus of controversy in land use matters. Especially when major projects are proposed in undeveloped areas, the Special Management Area permit often involves extensive debate during the deliberation process. Conflict resolution through the judicial appeals process by persons aggrieved by the permit decision is often lengthy and time-consuming given the heavy caseload and frequent backlog of cases in the Circuit Courts.

Your Committee further finds that under the present law, any person who is aggrieved by an agency decision or preliminary ruling in a contested case may institute proceedings in the Circuit Court for judicial review of the decision. For

County planning commission decisions on Special Management Area permits, this bill would eliminate the Circuit Court as the first point of appeal, as well as the Intermediate Court of Appeals, and allow the appeal to be taken directly to the State Supreme Court. This bill would also give these appeals preference in consideration over other civil cases.

This bill would eliminate months and, perhaps years of unnecessary delay in the completion of the judicial review. The expedited decision-making and the avoidance of lengthy and costly delays in the legal process would be of benefit to both parties in any dispute concerning our vital coastal zone.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1504 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
(Representatives Bunda, Levin and Isbell did not concur.)

SCRep. 215 Planning, Energy and Environmental Protection on H.B. No.
1443

The purpose of this bill is to appropriate funds to provide general support for the Puna Research Center.

Your Committee finds that the commercial development of Hawaii's abundant geothermal resources would be enhanced by an adequately supported geothermal research facility which could conduct needed research and development on the direct use (non-electric) application of geothermal brines which are now being wasted. The Puna facility will provide for the research, development, and commercial use of the geothermal fluids to develop new technologies and businesses which utilize this valuable Hawaii resource.

Your Committee further finds that an adequately supported geothermal research center would attract research and development support from other Pacific countries who have concerns similar to ours. Also, there are agricultural, aquaculture and fisheries applications that would reduce unemployment and support the economy in the vicinity of prospective geothermal development.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1443 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 216 Planning, Energy and Environmental Protection on H.B. No. 376

The purpose of this bill is to provide the Department of Health with the necessary funds to implement Title III of the Federal Superfund Amendments and Reauthorization Act of 1986, entitled: The Federal Emergency Planning and Community Right-to-Know Act of 1986.

Your Committee finds that although Hawaii has yet to experience environmental emergencies on the order and magnitude of disasters such as the release of toxic gases in Bhopal, India and the chemical contamination of the Rhine River in Europe, the State must be prepared to address and respond to hazardous chemical releases and various environmental emergency situations. Your Committee further finds that the conclusions of several recent Hazardous Chemical Exercise simulations indicate that Hawaii is ill prepared to address hazardous chemical emergency situations. With the passage of Title III of the 1986 Superfund Amendments and Reauthorization Act, however, the State is mandated to establish a State Emergency Response Committee and to develop comprehensive plans to address potential chemical emergency situations. Your Committee finds that the Department of Health has been designated in the past as the lead agency of the State in charge of planning for hazardous chemical emergency situations.

Your Committee has amended this bill by inserting an appropriation of \$115,000 to carry out the purposes of this Act.

Your Committee on Planning, Energy and Environmental Protection is in accord

with the intent and purpose of H.B. No 376, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 376, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 217 Planning, Energy and Environmental Protection on H.B. No. 950

The purpose of this bill is to establish a comprehensive and coordinated planning system based essentially on documents required or addressed under the Hawaii State Plan. Among the more significant provisions are the following: replacement of the functional plans with department program plans, requirement that the Department of Planning and Economic Development prepare a capital improvements general plan and capital improvements development plans to guide the establishment and improvement of public facilities, and requirement that the Department of Planning and Economic Development rank executive capital improvement project requests for budgetary purposes and approve, in accordance with the capital improvement general plan and development plans, the release of allotments or issuance of revenue bonds for the projects.

While it fully concurs with the intent of this bill to establish and implement a State capital improvement budgetary process more strongly orientated toward the goals, objectives and priorities of the Hawaii State Plan, your Committee finds that an undertaking of this nature will require careful coordination between the executive, legislative and departmental levels of the State. In this regard, your Committee has deleted the proposed amendments concerning capital improvement plans and capital improvement project budgetary, allotment, and bond issuance review.

Your Committee, however, has retained the provisions concerning the replacement of the functional plans with department program plans. Over the years, the Legislature has had the responsibility of considering numerous requests to develop functional plans to address the variety of issues and areas for which plans are not already prepared under current law. Your Committee feels that the preparation of departmental program plans, which by nature, will address all state programs, is a better approach to addressing subjects and issues of statewide concern than the current approach requiring legislative authorization and review of new and existing plans. Furthermore, your Committee is aware that executive departments have various program plans which may or may not utilize the functional plans as guidelines. Through this bill, your Committee intends to streamline the various program plans of a department into a consolidated plan for the purposes of reducing confusion, improving coordination, and enhancing departmental efficiency and effectiveness.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of H.B. No. 950, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 950, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 218 Planning, Energy and Environmental Protection on H.B. No. 734

The purpose of this bill is to appropriate \$10,000 to initiate monitoring studies of pesticide residues in soil near pesticide storage, mixing, and loading sites to identify those areas which could pose a potential problem for groundwater contamination.

Your Committee finds that the Department of Agriculture is delegated with the authority to implement the Hawaii Pesticides Law, Chapter 149A, HRS, in inspecting pesticide use/misuse in agricultural production or structural pest control. Sites where large amounts of pesticides have been stored, mixed, and loaded into tankers are potential point sources of pesticides that might move through soil into groundwater. Basic data on such sites is needed so that any potential problems can be identified. The groundwater monitoring program can be designed to give early warning of a potential for groundwater contamination approaching a reality.

This bill would provide the Department of Agriculture with enough funds to obtain a representative sample of the types and concentrations of pesticides that

may have contaminated soils due to improper storage and mixing. The Department could then determine if existing pesticide storage practices are adequate and will help to identify pesticide contamination of soils that may impact the environment.

Your Committee has amended Section 1 of this bill so that the Department of Agriculture is designated as the initiator of the monitoring.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. 734, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 734, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 219 Intergovernmental Relations and Human Services on H.B. No.
1508

The purpose of this bill is to establish a Department of Public Safety which would be responsible for the formulation and implementation of State policies and objectives for correctional functions and other public safety programs and units such as intake service centers, the Office of the Sheriff, and the Capitol security corps.

Currently, the Department of Social Services and Housing (DSSH) is responsible for all state correctional functions including correctional facilities, intake service centers, adult parole supervision and counseling units, counseling units of the paroling authority, and the Hawaii Youth Correctional Facilities. In addition to those duties and responsibilities, the DSSH also administers programs of other sizeable statewide units such as the Public Welfare Division, the Hawaii Housing Authority and the Vocational Rehabilitation Division.

Since corrections is merely one of the many programs in DSSH, the departmental director must allocate her time between all of the various divisions, programs and commissions administratively housed within the department. Consequently, much of the work for the corrections program must be delegated to another administrator who can concentrate his/her time and effort on corrections issues, policies and directions. However, by elevating corrections to departmental status, greater direct accountability to, and contact with, the Governor can be insured, and a stronger corrections program will result.

A recent Mainland study analyzing comments received from those states which had recently altered the administration of corrections to a more compact departmental operation yielded the following favorable observations:

- (1) Departmental status yields prominence and emphasis on corrections programs;
- (2) Access to the Governor at the cabinet level provides a corrections agency with an opportunity to present a case for its needs unencumbered with the fear of having those needs diluted or balanced against other human resource priorities;
- (3) Professionalism increases with a separate corrections department;
- (4) A department has more direct access to the Legislature in the budgetary process; and
- (5) Corrections programs are unique from other social service programs as the security and custodial nature of corrections orient it more towards law enforcement.

In addition to comments received from DSSH, your Committees received voluminous testimony from the Administrative Director of the Courts, a judge of the First Circuit Court, the Assistant Chief of the Honolulu Police Department, the Department of Transportation, the Department of the Attorney General, the Department of Land and Natural Resources, the United Public Workers, the Hawaii Criminal Justice Commission, the Department of Health, and the Judiciary's Driver Education Division.

Your Committees find that the testimony presented at the public hearings by

the government officials was in general support of the bill as received. However, the following significant revisions were suggested:

- (1) Clarify the language proposed for the transfer of the Sheriff's office and attendant functions and responsibilities;
- (2) Transfer the Office of Narcotics Enforcement from the Department of Health into the proposed Department of Public Safety;
- (3) Delete all references to the Hawaii Youth Correctional Facilities; and
- (4) Insert the word "adult" throughout the bill when used in conjunction with "corrections", "correctional", or "offender" to clarify that the proposed Department of Public Safety would serve the adult population.

As a result, your Committees have made the following revisions to this bill:

- (1) Amended Section 1 by adding the word "adult" to "corrections division of the department of social services and housing", as your Committees recommend that the juvenile justice system and the Youth Correctional Facilities remain within the jurisdiction of the Family Courts and DSSH.
- (2) Amended Section 2 to include the word "adult" as a modifier to the word "corrections", "correctional", and "offenders", and clarified and delineated the duties and responsibilities of the Sheriff and Deputy Sheriffs.
- (3) Amended Section 3 to delete the functions and authority of the Hawaii Youth Correctional Facility Branch from the proposed Department of Public Safety.
- (4) Further amended Section 3 to include the Department of Health's narcotics enforcement office in the proposed Department of Public Safety, in accordance with recommendations made by the Department of Health, and, relatively, added a new Section 9 which amends Section 329-51, HRS, to transfer the statutory powers of the Director of Health to the Director of Public Safety.
- (5) Added a new Section 5 on bailiffs to specify the respective appointing authority, the responsibilities of the various courts concerning bailiffs, and the coordination function between bailiffs and sheriffs, and consequently added a new Section 15 to repeal the existing section in HRS relating to bailiffs.
- (6) Amended Section 7 to clarify that only the adult offender treatment and rehabilitation programs will be transferred from DSSH to the Department of Public Safety.

Your Committees have also made some technical, nonsubstantive amendments to the bill to renumber the affected sections and for the purposes of style and clarity.

Your Committees on Intergovernmental Relations and Human Services are in accord with the intent and purpose of H.B. No. 1508, as amended herein, and recommend that it be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 1508, H.D. 1.

Signed by all members of the Committees except Representatives Kihano and Leong.

SCRep. 220 Planning, Energy and Environmental Protection on H.B. No. 380

The purpose of this bill is to establish the process whereby any person or agency other than the agency which prepared the environmental assessment may appeal an agency's determination as to whether or not an environmental impact statement is required. This bill directs all such appeals to the State Environmental Council.

Your Committee finds that because of its mandate to implement Chapter 343, HRS, entitled: "Environmental Impact Statements", the Environmental Council has on occasion taken action on appeals of agency decisions in regard to whether or not an environmental impact statement was required. However, the absence of specific language enabling the Council to act on such appeals has raised questions

as to extent to which the Council can act. Currently, the only recourse for applicants and the general public appealing such decisions is to go directly to court. Your Committee finds that this imposes an undue burden on both the courts and the party appealing the agency's determination. Your Committee finds that parties appealing agency determinations should be first afforded the opportunity of filing an administrative appeal with the Environmental Council.

While in full agreement with the intent of this bill, your Committee wishes to insure that the appeal process established through this measure be carried out in a timely and efficient manner. Therefore, your Committee has amended this bill by requiring the Council to issue its decision within thirty days of the receipt of an appeal. This amendment insures that the administrative appeal process will begin and end within the sixty day period provided in Section 343-7(b), HRS.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 380, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 380, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 221 Planning, Energy and Environmental Protection on H.B. No.
1627

The purpose of this bill is to establish a temporary advisory commission as a forum for cooperative discussions and coordinated action between government and industry interests in structural pest control.

Your Committee finds that the structural pest control industry affects the public directly in that treatment by pesticide chemicals is performed within and around the property and buildings in which we live, work, or attend school. Before a crisis occurs, action should be initiated to ensure that structural pest control is performed in a safe and efficient manner and that efforts to develop and use nonchemical methods of structural pest control are encouraged.

This bill would initiate cooperative action between state government and the structural pest control industry to ensure that both the industry and government are working together, not against each other, towards the same goals.

Your Committee has amended this bill by appropriating \$35,000 for the implementation of this Act.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1627, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1627, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 222 Planning, Energy and Environmental Protection on H.B. No. 359

The purpose of this bill is to appropriate the sum of \$100,000 to the Office of Environmental Quality Control to establish and operate a pilot program for the disposal of hazardous agricultural pesticides.

Your Committee finds that significant quantities of unwanted, out-dated and partially used pesticides may presently be in the possession of many of Hawaii's farmers. If not disposed of in the proper manner, many agricultural pesticides have the potential to cause undesirable effects on the environment and the public. This bill will provide the mechanism whereby Hawaii's farmers will be allowed submit their unwanted pesticides to the OEQC for safe disposal.

Your Committee has amended this bill by specifying the planning approach to be taken by the OEQC in the implementation of this effort. Your Committee finds that this amendment will clarify the type of pilot program being proposed.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 359, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No 359,

H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 223 Planning, Energy and Environmental Protection on H.B. No. 652

The purpose of this bill is to establish minimum requirements governing the transportation, recycling and disposal of used oil. This bill will establish record keeping requirements for used oil transporters, thereby providing the Department of Health with a means of monitoring those who are granted permits to transport used oil.

Your Committee finds that in 1986, over five million gallons of lubricating oil were brought into the State, excluding that which was used by the military. In that same year, approximately 400,000 gallons of used oil were reprocessed for use as industrial fuel, indicating that millions of gallons of used oil may have been discarded upon the ground or along with the municipal trash. This indiscriminate dumping of used oil not only results in a loss of a valuable energy resource to the State, it also poses a substantial environmental and public health threat. This bill will establish a program whereby the State will be able to regulate the transport, recycling and disposal of used oil in Hawaii.

Your Committee received testimony in support of this measure and has amended this bill in accordance with suggested amendments as follows:

Your Committee has amended this bill by specifying that this Act shall become a new part to Chapter 342, HRS, rather than a new chapter in and of itself. This will ensure the applicability and consistency of this part to Chapter 342, HRS.

This bill has been further amended by inserting a new definition for "Specification fuel" and a new section on "Exemptions" applicable under this part. The new definition will ensure consistency with EPA definitions of used oil and the new section on exemptions will prevent any unnecessary regulation of used oil that has been reprocessed to meet acceptable environmental standards. In addition to this, the section on "Recordkeeping requirements" has been amended to require first time marketers and burners of specification fuel to maintain and transfer records and invoices establishing the quality of the used oil.

Your Committee has further amended this bill by amending the definition of "Used oil transporter" to clarify that this definition shall apply all persons that transport more than five hundred gallons of used oil annually.

In addition, subsection (e) under the section relating to "Prohibited Acts" has been amended to require the prior approval of landowners, in addition to the Department of Health, for the application of any used oil upon the ground for the purpose of dust suppression.

This bill has been further amended by the addition of two new sections relating to the Department of Health's authority to assess fees for the issuance of permits and its responsibility to require the submittal of records.

Your Committee has amended the section on "Penalties" by deleting the entire section and establishing a new subsection within Chapter 342-11 instead. Your Committee finds that this revision will ensure consistency of this part with existing Department of Health penalties and sanctions regarding environmental protection.

Your Committee has also amended this bill by inserting an appropriation of \$60,000 to carry out the purposes of this Act.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 652, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 652, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 224 Planning, Energy and Environmental Protection on H.B. No.
1209

The purpose of this bill is to: 1) establish an affirmative obligation for polluters to report unlawful discharge of pollutants into State waters as provided under Section 342-33 (a), HRS; 2) authorize the Department of Health to investigate and assess the adequacy of remedial actions taken and to prescribe additional corrective actions if necessary; 3) establish a maximum fine of up to \$10,000 per day for any failure to report a discharge; and, 4) to increase the penalty range for harbor violations currently assessable under Section 266-25, HRS,.

Your Committee finds that recent experiences involving the monitoring and regulation of untreated sewage discharges from interisland cruise vessels have uncovered several limitations in the State's authority to impose penalties and sanctions which are comparable to the severity of repeated pollution infractions. Untreated sewage discharges not only cause significant damage to the environment but they also pose potential hazards to human health and safety. This bill will provide the State Departments of Health and Transportation with the means to be better informed of potentially harmful discharges and the authority to assess fines more comparable to the severity and frequency of pollution infractions.

While it concurs with the intent of this bill, your Committee wishes to acknowledge concern expressed during discussions on this measure in regard to the possible effect of this bill to duplicate or conflict with existing federal statutes and rules regarding spills or releases from vessels. It is not the intent of your Committee to create additional pollution violations. Rather, the purpose of this bill is to establish stiffer deterrents and to clarify the pollutor's obligation to report such incidents.

Following testimony and discussion on this measure, your Committee has amended this bill by including an additional section to increase existing penalties and sanctions for violation of Part III of Chapter 342, HRS, relating to water pollution. This amendment establishes a new fine of not less than \$25,000 nor more than \$100,000 per day of violation and an increased maximum term of possible imprisonment of not more than five years.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1209, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 225 Planning, Energy and Environmental Protection on H.B. No. 735

The purpose of this bill is to establish a heritage program fund and a natural area reserve fund and to appropriate \$250,000 and \$500,000, respectively, to the funds.

Your Committee finds that the State has established the Natural Area Reserve System to protect important natural areas within the vast inventory of state lands. However, most of these areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources.

The funds requested in this bill would compliment each other and be used in assisting the Department of Land and Natural Resources in its efforts to establish and manage Natural Area Reserves. The heritage fund would be used to provide the most comprehensive and current scientific data on rare species and ecosystems necessary to establish priorities for immediate management activities and long range plans while the natural area reserve fund would be used to initiate urgently needed management programs on many of the State's Natural Area Reserves.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 735 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 226 Planning, Energy and Environmental Protection on H.B. No.
1449

The purpose of this bill is to appropriate funds for additional support for litter control activities for the Counties of Hawaii, Kauai and Maui.

Your Committee finds that litter is a serious problem on the neighbor islands and that during the past six years the problem has been getting worse because of increases in population and tourism.

Your Committee further finds that Chapter 339, HRS directs the Director of Health to conduct an anti-litter program in all the counties. However, because no positions have been appropriated for assignment on the neighbor islands, the Department has been able to provide only indirect services.

The funds in this bill would provide for positions which would coordinate with agencies, businesses, and community organizations to conduct cleanup, investigational, and media programs.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1449 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 227 Planning, Energy and Environmental Protection on H.B. No.
1619

The purpose of this bill is to require that permit applicants whose activities may generate excessive noise are provided with information on noise regulations.

This bill would require the Department of Health and the counties to provide information on noise regulations to permit applicants whose activities may generate excessive noise.

Your Committee finds that because the Department of Health's noise regulations does provide for the generation of excessive noise and applicants for these permits are provided with the information outlined already, Section 2 of the bill is unnecessary. Your Committee has amended this bill by deleting Section 2.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1619, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1619, H.D. 1, and be referred to the Committee on Intergovernmental Relations.

Signed by all members of the Committee.

SCRep. 228 Planning, Energy and Environmental Protection on H.B. No.
1027

The purpose of this bill is to increase the residential energy device tax credit presently available at ten percent to twenty-five percent.

Your Committee finds that due to the expiration of the forty percent federal income tax credit for residential energy devices on December 31, 1985, and the decline of oil prices in 1986, retail sales of solar energy systems in Hawaii have dropped ninety percent from 1985 levels. As a result, four of the Hawaii's top five largest retailers of solar equipment have been forced out of business.

Inasmuch as it is a major objective of the State to achieve the greatest degree of energy self-sufficiency attainable, and that fluctuating oil prices will continue to be an uncontrollable factor which will inevitably affect consumer decisions, your Committee finds that an increase in the State income tax credit for the installation of energy saving devices will provide the necessary measure of security for the solar energy industry at this time.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1027 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 229 Intergovernmental Relations and Judiciary on H.B. No. 268
(Majority)

The purpose of this bill is to allow the counties to deposit into their respective general fund accounts monies collected as fines for traffic violations that are not contested, and which do not involve or require a court appearance.

Currently, all traffic and parking fines, and forfeitures associated with violations, collected pursuant to statutorily mandated enforcement responsibilities must be deposited into the State's general fund. This practice does not recognize the time and effort expended by the counties in the enforcement of the traffic code.

Your Committees find that county-supported personnel and authorities are responsible for a majority of the work involved in issuing citations for traffic and parking violations, which is a crucial element of enforcement. Many of these citations are not contested and do not involve or require a court appearance, and result basically in a forfeiture of bail which merely requires processing on the part of the State.

Your Committees believe that each county should receive its proportionate share of the fines collected, less the cost to the State for processing the fines and forfeitures, in order to subsidize its costs of enforcement. Your Committees recognize, however, that a significant number of citations for parking and traffic violations are issued by state officials on properties such as airports and state parking lots, and feel that the fines and forfeitures for these violations should not be included for disbursement to the counties.

Many organizations and government officials testified in support of the bill. Most notably, the executive and/or legislative branches of each county submitted favorable testimony citing increased county costs associated with the traffic enforcement process and collection of fines. Further your Committees note that the subject of this bill is a major recommendation of the statutorily created Advisory Committee to Study Overlapping State and County Functions.

Your Committees have made the following revisions to the bill:

(1) By amending Section 1 to provide that the State rather than the counties shall collect bail forfeitures for parking violations which are not contested and which do not require a court appearance;

(2) By further amending Section 1 to provide that these forfeitures shall be deposited into a trust account created in the State treasury for disbursement to the county of origin;

(3) By further amending Section 1 to provide that these provisions shall not apply to cases in which the enforcement of applicable laws, ordinances, rules, or regulations is only by state agencies or officials;

(4) By further amending Section 1 to provide that the district courts shall prepare and submit a statement apportioning the deposits to the respective counties to the Director of Finance, who shall disburse the appropriate amounts to the general fund of each respective county;

(5) By further amending Section 1 by making technical, nonsubstantive amendments for the purpose of consistency;

(6) By amending Section 2 to provide that the State rather than the counties shall collect bail forfeitures, other than bail under Chapter 286G, for any violation of the state or county traffic laws which are not contested and which do not require a court appearance;

(7) By further amending Section 2 to provide that these forfeitures shall be deposited into a trust account created in the State treasury for disbursement to the county of origin;

(8) By further amending Section 2 to provide that these provisions shall not apply to cases in which the enforcement of applicable laws, ordinances, rules, or

The purpose of this bill is to establish a State Fire Council which shall be placed within the Department of Labor and Industrial Relations for administrative purposes. The State Fire Council shall include the fire chiefs of the counties and a State Fire Council administrator who shall be a member of the Honolulu Fire

Department.

Your Committees heard testimony from the Fire Chief of the Honolulu Fire Department and Chairperson of the State Fire Council; the Hawaii State Fire and the Fire Marshals Association of North America (FMANA), and the Deputy Fire Chief of Honolulu Fire Department and also President of the Hawaii Fire Chiefs Association, and the State Fire Marshall.

Your Committees on Intergovernmental Relations and Labor and Public Employment are in accord with the intent and purpose of H.B. No. 1156 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.

**SCRep. 232 Housing and Community Development and Water, Land Use,
Development and Hawaiian Affairs on H.B. No. 591 (Majority)**

The purpose of this bill is to provide the Hawaii Housing Authority with a credit equal to amounts appropriated by the State Legislature for water source development and related activities when homes are developed in a county for which such appropriations have been made.

Your Committees find that there currently exists an inequity with regard to water source development fees. The State, through its legislative body, appropriates moneys to the Department of Land and Natural Resources (DLNR) or directly to the various counties for such activities as exploratory drilling and the development of water sources. After the sources have been developed, the wells are transferred to the counties' respective boards of water supply for operational purposes.

The inequity of the matter comes about when the Hawaii Housing Authority (HHA) develops homes in a particular county and must pay a fee for water source development. The Board of Water Supply of the affected county charges the Authority (or the developer working with the Authority) substantial amounts for a water source assessment, despite the fact that it was the State which subsidized the development of the new water sources.

The HHA informed your Committees that various agencies can apply for credits with the DLNR pursuant to rules adopted by the Department. However, credits can only be received in areas where new sources have been developed. For example, if \$2 million has been appropriated for a well in Waiahole Valley, credit can be received only for a development in Waiahole.

This bill will permit an offset for an HHA project in any area of a county in which the State has appropriated funds for water source development or related activities within the county.

Your Committees have amended this bill for further clarification. Other technical, non-substantive amendments have also been made.

Your Committees on Housing and Community Development and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 591, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 591, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Leong.
(Representative Bunda did not concur.)

**SCRep. 233 Planning, Energy and Environmental Protection and Higher
Education and the Arts on H.B. No. 387**

The purpose of this bill is to appropriate \$12,000 for the development of workshops on pesticide drift control and pesticide applicator equipment calibration by the Cooperative Extension Service of the University of Hawaii's College of Tropical Agriculture and Human Resources.

Your Committees find that education can prevent unacceptable levels of pesticide drift from occurring and that farmers need "hands-on" workshops to effectively

learn how such methods work. Instructors conducting these workshops will utilize demonstrations, consultation and assistance in workshops on practical, "hands-on" methods to reduce pesticide drift. Additionally, the expertise of the University of Hawaii's Agricultural Engineering department will be used to assist in mechanical design modification and adjustment of spray rigs.

Your Committees have amended this bill to designate the Governor's Agricultural Coordinating Committee as the expending agency of these funds.

Your Committees on Planning, Energy and Environmental Protection and Higher Education and the Arts are in accord with the intent and purpose of H.B. No. 387, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 387, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 234 Labor and Public Employment and Consumer Protection and
Commerce on H.B. No. 441

The purpose of this bill is to establish legislation to authorize the establishment of rating organizations designed to provide insurance rating information for workers' compensation insurance.

Your Committees reviewed and carefully considered testimony from various interested groups and organizations regarding rate making for workers' compensation, and find that legislation authorizing the establishment of rating organizations is necessary to provide loss development data and other reliable information regarding Hawaii's experience in workers' compensation insurance for rate making purposes.

Testimony by the Insurance Commissioner revealed that the proposed bill required an additional provision to eliminate an unintended inconsistency with existing laws relative to rate making and an amendment to make it clear that existing casualty rating laws are not superceded by the provisions of this bill.

Accordingly, your Committees amended the bill by adding a new section to the bill which would amend the existing Section 431-692, H.R.S. to eliminate the inconsistency. Additionally your Committee amended the bill to make it clear that the existing laws on casualty rating will apply to workers' compensation rating organizations unless otherwise provided in this bill.

Your Committees on on Labor and Public Employment and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 441, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 441, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees.

SCRep. 235 Ocean and Marine Resources and Transportation on H.B. No.
1887

The purpose of this bill is to make an appropriation for the sum of \$30,000 to the Department of Planning and Economic Development for the production of thirteen 60-second videotaped public service announcements to promote ocean recreation safety.

Your Committee finds that since television has come to play a large role in influencing attitudes and behavior, it may be an instumental communication tool to improve ocean recreation safety.

Your Committee heard testimony referring to a very successful similar program of videotaped public service announcements called "Dive Tips Hawaii." These announcements received widespread coverage on Hawaii television stations, one mainland-to-Hawaii airline, and in five mainland states.

The Department of Transportation, the Department of Planning and Economic Development, the University of Hawaii, and others testified in favor of this bill.

Your Committees on Ocean and Marine Resources and Transportation are in accord with the intent and purpose of H.B. No. 1887 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 236 Planning, Energy and Environmental Protection and Water, Land Use, Development and Hawaiian Affairs on H.B. No. 1029

The purpose of this bill is to remove the provision for repealing Act 237, Session Laws of Hawaii, 1985 entitled: the "Permit Process Facilitation Act of 1985".

Your Committees find that Act 237 was adopted in 1985 pursuant to the recommendations submitted to the Legislature by the Intergovernmental Task Force for Permit Simplification. Since its passage, Act 237 has been administered by the Coastal Zone Management branch of the Department of Planning and Economic Development. The implementation of this Act has resulted in substantial benefits to both applicants and permit-administering agencies. Through the simplification of various permit procedures, applicants gain a better understanding of the public hearing requirements, the time frames, the opportunities for concurrent permit processing and the information needed in the processing of permits. Regulatory agencies benefit through better information and inter-agency communication. Your Committees find that the extension of this Act would benefit all parties involved in permit processing.

Your Committees on Planning, Energy and Environmental Protection and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1029 and recommends that it pass Second Reading and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committees.

SCRep. 237 Planning, Energy and Environmental Protection and Health on H.B. No. 383

The purpose of this bill is to provide the Department of Health with the funding to investigate the potential health risks posed by pesticides in air due to drift and other forms on non-point source pollution.

Your Committees find that because agricultural activities and pest control operations are often interspersed with residential developments, questions have been raised in regard to the potential effects of pesticide drift from spray applications on surrounding facilities, parks, homes and so on. Accurate data on this subject are needed by the Department of Health to show whether or not pesticide drift constitutes a significant problem. Such data may be useful to homeowners and the pest control industry alike to assist them in making better decisions regarding the form of pest control most appropriate for their concerns and safety.

Your Committees on Planning, Energy and Environmental Protection and Health are in accord with the intent and purpose of H.B. No. 383 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Leong.

SCRep. 238 Planning, Energy and Environmental Protection and Health on H.B. No. 384

The purpose of this bill is to appropriate \$157,000 to complete the development of a system to estimate where pesticides and other chemicals could contaminate groundwater.

Your Committees find that the protection and preservation of our groundwater basins are essential to ensure the high quality of our existing and potential sources of drinking water. And it is imperative that the State maintain a system that can alert officials of potential hazards before they become a reality.

The system will be based on technology developed by the College of Tropical Agriculture and Human Resources (CTAHR). The project that H.B. 384 addresses involves the transfer of the technology to develop a system for the Department of Agriculture (DOA) to use in carrying out its responsibilities in the agricultural pesticide area. The project will be a cooperative effort by CTAHR, DOA and the Office of Environmental Quality Control.

Your Committees have amended this bill by designating the DOA as the expending agency of these funds.

Your Committees on Planning, Energy and Environmental Protection and Health are in accord with the intent and purpose of H.B. No. 384, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 384, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Leong.

SCRep. 239 Planning, Energy and Environmental Protection and Health on
H.B. No. 378

The purpose of this bill is to require physicians to report to the Department of Health the treatment of any patient afflicted with an environmentally-related illness or injury.

Your Committees find that the active surveillance of all pesticide, lead and other environmentally-related incidents is important to the understanding, prevention and control of such incidents. For decades, statistics have been kept on a variety of natural diseases. It has now become necessary to gather similar data on environmentally-related illnesses and injuries. Such data are essential to the understanding of the full extent and severity of environmentally-related problems.

While in agreement with the intent of this bill, your Committees feel that the strict penalties proposed within this bill for a physician's failure to report the treatment of patients afflicted with environmentally-related injuries or illnesses lacks clear justification. Therefore, your Committees have amended this bill by assigning the Director of Health the responsibility of determining the appropriate sanctions that should be imposed for non-compliance with this provision.

Your Committees on Planning, Energy and Environmental Protection and Health are in accord with the intent and purpose of H.B. No. 378, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 385, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representative Leong.

SCRep. 240 Planning, Energy and Environmental Protection and Higher
Education and the Arts on H.B. No. 385

The purpose of this bill is to appropriate \$40,000 for the expansion of the pesticide applicator training program conducted by the Cooperative Extension Service of the College of Tropical Agriculture and Human Resources.

Your Committees find that pesticide applicators must complete training courses on pesticide safety prior to becoming certified and that maintenance of certification requires that applicators attend periodic refresher courses. The Technical Advisory Committee on Pesticides and the Office of Environmental and Quality Control has recommended that the number of required hours of refresher training per year be substantially increased. Your Committees further find that an alternative to adding more staff and resources to the pesticide application training program is to train more qualified instructors and to offer the training through continuing education programs of the community colleges.

The funds requested in this bill will be used to develop training modules that can be used by certified instructors hired by the continuing education programs; to recruit and train highly qualified instructors; and to coordinate and monitor statewide pesticide safety training. It is expected that this program will eventually become self sufficient through the imposition of user fees.

Your Committees have amended this bill by designating the Governor's Agricul-

ture Coordinating Committee as the agency in charge of expending these funds.

Your Committees on Planning, Energy and Environmental Protection and Health are in accord with the intent and purpose of H.B. No. 385, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 385, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 241 Planning, Energy and Environmental Protection and Agriculture
on H.B. No. 44

The purpose of this bill is to establish a system and process to identify, conserve and protect important agricultural lands in accordance with Article XI, Section 3 of the Hawaii State Constitution.

Your Committee finds that the Land Evaluation and Site Assessment (LESA) Commission was established by the Legislature in 1983 to classify and identify important agricultural lands in the State and to develop a methodology for the system's implementation. Accordingly, the LESA Commission submitted a report of its findings and recommendations to the Legislature in 1986. A significant impact of the proposed LESA system will be to streamline the present land use regulatory system by classifying approximately 700,000 acres of "important agricultural land" into a new land use district. The remaining 1.3 million acres will be combined with the present urban and rural districts to form a new "other lands" district which will be under county jurisdiction. Your Committees find that the adoption of a LESA system for the State at this time would represent a logical step toward the better management of the State's important agricultural lands.

While the testimonies submitted to your Committees unanimously support the intent and purpose of this bill to develop and implement a LESA system for the State of Hawaii, they also contain numerous suggested amendments to this bill. Accordingly, your Committees have amended this bill as follows:

SECTION 2 of the bill has been amended by clarifying the time frame and the process by which the Land Use Commission shall establish and adopt the boundaries of important agricultural lands (IAL), conservation lands and other lands. This section has been further amended by identifying two classes of unique lands to be included within the IAL category by virtue of the important agricultural activities which require the unique soil or climactic conditions of these areas. These unique lands support important agricultural activities which may require soil qualities not be related to the relative properties of soils as ranked by the LESA methods. This section has been further amended by excluding the proposed additions to §205 HRS, relating to the establishment of infrastructure standards within conservation lands and other lands. Your Committees feel that this bill is the inappropriate vehicle to establish these sections.

SECTION 3 amending §141-1 HRS, has been eliminated due to the deletion of the proposed amendment to require the Department of Agriculture to establish state-wide standards for infrastructure. Your Committees find that the responsibility of establishing infrastructure standards within IAL districts should be delegated to the counties. Accordingly, §205-5 HRS, has been amended to reflect this position.

SECTION 4 amending §171-3 HRS, and SECTION 5 amending §183-41 HRS, have been deleted from the bill. These chapters deal with the functions of the Department of Natural Resources, not with agricultural lands. Your Committees feel that this bill is the inappropriate vehicle to establish these sections.

SECTION 6 amending §205-2 HRS, has been amended by clarifying the physical criteria to be considered and utilized by the Land Use Commission in the establishment of the boundaries of the IAL districts.

SECTION 7 amending §205-4 HRS, and SECTION 14 repealing §205-3.1 HRS, have been deleted from the bill. Your Committees find that the provision allowing counties to process district boundary amendments involving land areas of fifteen acres or less (except within the State conservation district) was established by the Legislature to streamline the district boundary amendment process, and therefore, should remain in effect. SECTION 7 also proposed to eliminate the exception clause for Housing Authority projects as provided in §359G-4.1 HRS. Your

Committees find that this provision was adopted to facilitate the development of programs as specified within §359G-4.1 HRS, and should therefore remain effective.

SECTION 8 repealing §205-4.5 HRS, has been amended by retaining the entire section and deleting the proposed amendment directing the Department of Agriculture to establish statewide standards for the required infrastructure within IALs. As stated earlier, your Committees find that this function is presently a county responsibility and should remain as such.

Accordingly, SECTION 9 amending §205-5 HRS, has been amended by directing the counties, in consultation with the Department of Agriculture, to establish appropriate standards for infrastructure within IAL districts. In addition, this section has been amended by allowing the counties to authorize other uses within IAL districts through the issuance of special permits.

SECTION 10 amending §205-5.1 HRS, has been further amended by exempting geothermal activities which occur within geothermal resource subzones located upon IALs from Land Use Commission or special permit procedure approval requirements.

SECTIONS 11 and 12 relating to §205-8 and 205-12 HRS, have been amended by making minor revisions for consistency with other sections.

SECTION 13 amending §205-17 HRS, has been further amended to: 1) establish specific preconditions for the reclassification of IAL district lands into conservation or other lands; and 2) establish specific preconditions for the reclassification of conservation or other lands into the IAL district.

SECTION 15 repealing §205-6 HRS, relating to special permits, has been retained and amended for purposes of consistency with other sections. Your Committees find that within each large zoning district, there often exists many unique circumstances. Many uses or activities do not meet the standards set forth for a particular zone but they also, at the same time, do not adversely affect the integrity of the zone. Special permits allow the needed flexibility for the establishment of unique, beneficial uses.

Your Committee have added a new section to this bill amending §205-18 HRS, relating to the five year periodic review of land use districts by the Department of Planning and Economic Development. Your Committees have directed the DPED to include within its five year assessment, a review of the LESA system, including State agriculture production goals adopted pursuant to the chapter.

Your Committees have further amended this bill by appropriating \$500,000 toward the implementation of this Act; and by establishing the effective date of this Act to be December 31, 1989.

Your Committees have also made numerous amendments for the purposes of clarity and consistency with other amendments and sections of this bill.

Your Committees on Planning, Energy and Environmental Protection and Agriculture are in accord with the intent and purpose of H.B. No. 44, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 44, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 242 Planning, Energy and Environmental Protection and Agriculture
on H.B. No. 1318

The purpose of this bill is to make it unlawful to use, distribute or sell any unlicensed pesticide in the State and to make it unlawful to use any pesticide (licensed or unlicensed) in this State in a manner inconsistent with its label. It would also make record keeping requirements mandatory of all pesticide users.

Your Committees find that the current section on licensing of pesticide products does not have provisions for dealing with the use of pesticides formerly or not currently licensed in the State, or for dealing with a pesticide product once its license has been discontinued. There are also concerns that applicators are purchasing non-Hawaii licensed pesticides on the mainland and are shipping them

into the State. This bill will make it unlawful to use any unlicensed pesticide that has been shipped into the State. The bill also provides for the use of the remaining portion of a pesticide if it is not currently licensed but was previously licensed in this State when the product was purchased.

Your Committees further find that once an unlicensed pesticide is brought into the State, there are no provisions in the law for the Department of Agriculture to take State action against the use of an unlicensed pesticide when applied in a manner inconsistent with its label. This bill would allow the Department to take State action against the users of any unlicensed pesticide.

Your Committees further find that general-use pesticides are applied in large quantities, particularly on sugar and pineapple plantations over groundwater recharge areas. This bill would require the users of large quantities of all pesticides to keep records of their applications. This will give the Department of Agriculture a better idea of what kind and how much pesticides are used on agricultural and non-agricultural lands in the State. This will allow the Department to make changes in the rules so that users of small quantities of pesticides will not be required to keep records of their applications.

Your Committees have amended this bill to leave existing language in Section 149A-32.5 HRS unchanged so that the use of a pesticide must show some unreasonable adverse effect on the environment before the chairperson of the Department of Agriculture can suspend, cancel or restrict that pesticide.

Your Committees on Planning, Energy and Environmental Protection and Agriculture are in accord with the intent and purpose of H.B. No. 1318, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1318, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 243 Labor and Public Employment on H.B. No. 1595

The purpose of this bill is to establish the investment yield rate at eight per cent for fiscal year 1987-88 and give the Board of Trustees of the Employees' Retirement System the authority to establish the investment yield rate and other factors for actuarial valuations of the system beginning in fiscal year 1989 and thereafter.

At the present time, the Board is constrained by the language of Section 88-122, Hawaii Revised Statutes, which specifies the basic funding objectives of long-term contribution rates by the employer as a level percentage of payroll.

Your Committee has reviewed and carefully considered testimony by the secretary of the Employees' Retirement System and finds that in all other states the assumptions to be used in determining valuation for employer's contributions are fixed by the Board of Trustees. This bill would give Hawaii's Board the discretion to take into account the direct relationship between the interest rate and future salary increases which are influenced by general economic conditions and the consumer price index.

Your Committee further finds that this bill would allow the Board in adopting the actuarial assumptions to take into account the actual experiences of the system. This would preclude the adoption of unrealistic assumptions. In addition, your Committee finds that this bill will assist the Board in its fiduciary responsibility to maintain an adequate funding level not only for its present members, but for future generations.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1595 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 244 Labor and Public Employment on H.B. No. 370

The purpose of this bill is to mandate arbitration of complaints alleging a breach of the duty of fair representation by employee organizations.

Your Committee has reviewed and carefully considered the reported decisions of the Hawaii Labor Relations Board in matters relating to alleged breaches of the duty of fair representation. Your Committee believes that the arbitration forum provides a meaningful institutional alternative to minimize public expense caused by delayed decision-making. To insure prompt and fair resolution of complaints alleging breaches of the duty of fair representation, this measure requires that such complaints be filed within 60 days and that binding arbitration decisions be issued within 180 days of the filing date of complaints.

It is the intent of the Committee to require that all complaints involving duty of fair representation under Chapters 89 and 377 be filed with the Hawaii Labor Relations Board. The Board shall have exclusive jurisdiction over all such claims and shall refer them to mandatory and binding arbitration as specified in this bill.

The Board shall promulgate appropriate rules and regulations regarding costs of arbitrations to be assessed the various parties.

The duty of fair representation has been defined in accordance with the United States Supreme Court decision in *Vaca v. Sipes*, 386 U.S. 171 (1967). Mere negligence is not a sufficient basis to establish a breach and the intent of the Committee is to narrow the standard for employee organizations to follow. The arbitrator is authorized to provide the most meaningful remedy available (i.e., the reinstatement of grievances which have been dropped due to a breach of the duty of fair representation).

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. 370, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 245 Labor and Public Employment on H.B. No. 1229

The purpose of this bill is to establish and fund a permanent employee assistance program within the Department of Personnel Services (DPS) to provide a variety of preventive and rehabilitative services to State employees encountering problems which adversely affect the employee's job performance.

Your Committee heard testimony from the DPS in support of this measure. The DPS indicated that, over the years, employee assistance programs have expanded in scope to include far more than counseling. For example, job satisfaction, improved productivity and attendance, morale, interpersonal relations, reduced turnover, sick leave and disability claims are objectives of current employee assistance programs. These are achieved not only through counseling and referral services, but also through incentive and service awards, health promotion programs, job sharing, flexible work scheduling and child care.

The Department of Health (DOH) submitted testimony supporting the concept of an employee assistance program. They suggested that the program be placed under their purview based upon the findings and recommendations contained within the Task Force Committee report in response to House Concurrent Resolution No. 82 which was adopted during the 1986 Legislature.

Your Committee is aware of the DOH's counseling and referral services for employees with alcohol, drug or mental health problems. Your Committee, however, believes that the employee assistance program intended in this bill, exceeds the counseling and referral services provided by the DOH. Your Committee believes that a modern, comprehensive employee assistance program should be developed within the DPS which has a broader scope of responsibility over the welfare and well being of public employees. The responsibilities of the DPS as established in present laws are more compatible with the multi-faceted employee assistance program envisioned in this bill.

The placement of the employee assistance program with the DPS should not preclude the cooperation, consultation and assistance from the DOH in areas of its particular expertise.

Your Committee believes that without strict standards of confidentiality, employees needing such assistance that an employee assistance program may

provide may be reluctant to secure such services. Therefore, any employee assistance program should be implemented with all of the proper safeguards concerning confidentiality.

Your Committee has amended Section 2 of the bill by adding counseling to the services DPS can offer as one component of an employee assistance program. Your Committee explicitly states that reference to a "free and confidential counseling and referral service" in the amended version of the bill is not intended to limit DPS to only those activities. Moreover, funds appropriated for the program may be used for counseling, referral, research, development and coordination activities as deemed appropriate by the DPS.

Finally, your Committee recognizes that success of the employee assistance program will ultimately depend not only upon the efforts of DPS and other executive departments, but also upon all employees and their exclusive representatives.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1229, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1229, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 246 Labor and Public Employment on H.B. No. 1596

The purpose of this bill is to eliminate the requirement that the Employees' Retirement System return investment earnings in excess of eight per cent of the state and the counties.

Section 88-107, Hawaii Revised Statutes, provides that investment earnings in excess of the investment yield rate (set at eight per cent by Section 88-122(b)) shall be deductible from the amounts to be contributed by the state and counties to the pension accumulation fund.

Your Committee has reviewed and carefully considered testimony by the secretary of the Employees' Retirement System and finds that during the past ten fiscal years, the investment earnings above the yield rate have amounted to approximately \$506.8 million. Reducing actuarially-determined employer contribution requirements by investment earnings above the investment yield rate results in greater instability in future employer contributions because the amount of investment earnings over eight per cent fluctuates from year to year. Consequently, this necessitates higher future contributions both in dollar amounts and as percentages of total payrolls. This measure would provide a measure of stability to the system and its investment capability and is, therefore, in the public interest.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1596 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 247 Labor and Public Employment and Consumer Protection and
Commerce on H.B. No. 445 (Majority)

The purpose of this bill is to amend Hawaii Revised Statutes, Chapter 394B to prevent sudden displacements of workers by unannounced plant closures, partial plant closures, and relocations of a business establishment. Worker dislocation is as old and pervasive as technology change itself. Facilities are closed as one kind of work becomes outdated and another takes its place.

Your Committees reaffirm the original intent and purpose of Chapter 394B as enacted in 1983. We have reviewed and carefully considered more recent historical developments and find that dislocation appears to be occurring at a faster rate and affecting various industries in Hawaii. A recent Bureau of Labor Statistics study estimated that approximately 5.1 million workers over the age of 20, having worked for three years or more, had lost their jobs between January 1979 and January 1984 because of plant shutdowns or relocations, slack work, or abolishment of shifts or jobs. The most frequent reason for closing a facility was

a change in company markets (products or process obsolescence, increase domestic or foreign competition) which was cited by nearly one-half of the respondents to a study conducted by The Conference Board, 1986. Organizational change (acquisition of new company, change in production or distribution technology) was cited by nearly one-third of the study's respondents. Facility characteristic (obsolete plant, unproductive workforce) and community problems (access to raw materials, local taxes) were among other reasons given.

Section 1 of this bill identifies the problem of unexpected and sudden lay offs or terminations and their consequences. The purpose and objective of this bill is to provide protection to all employees who may suffer the effects of displacement due to various forms of business transactions.

Section 2 of this bill establishes the scope and extent of the coverage to the enactment. In defining "closings", "partial closings" and "relocations" your Committees clearly and expressly intend to cover sales, transfers, mergers and modifications of franchise agreements which result in lay offs and terminations of employees. Thus, for example, where an establishment is sold and the seller continues to operate on a franchise basis with the new owner, such a sale would be considered a closing if it results in the actual or potential lay off or termination of employees. Your Committees believe that any change in ownership which has the net result of the actual or potential displacement of workers should come within the purview of this enactment.

However, your Committees do not intend this bill to apply to lay offs which occur when construction projects are completed. Construction workers who are referred through hiring halls have other means of assuring stability in employment by appropriate job placements from one project to the next. The protection extended by this enactment is therefore limited to those industrial settings where work is not organized by projects of limited duration.

Section 3 of this bill adds a new section to Chapter 394B. This section intends the following: (1) Requires an employer in a covered establishment to provide to each employee written notification of a closing, partial closing, or relocation at least ninety days prior to its occurrence; (2) Requires the employer to pay in full for the continuation of existing group health insurance for each affected employee or employee's dependent, if covered under the group policy from the effective date of closing, partial closing, or relocation for a period of 120 days or until such time as the employee becomes eligible for other group coverage, whichever is less. Also provide that this requirement may be modified by specific contractual agreement provisions arrived at through collective bargaining process; however, specifies that in the event of a conflict, the contractual provisions shall be deemed controlling; (3) Requires the prompt payment of wages, benefits and other forms of compensation due and owing to said employee; (4) Provides for and specifies civil penalties for failure on the part of the employer to conform to any of the above employee provisions; and (5) Provides for employee remedies where appropriate and injunctive relief to avoid irreparable harm.

Your Committees on Labor and Public Employment and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 445 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committees.
(Representatives Jones and Marumoto did not concur.)

SCRep. 248 Labor and Public Employment on H.B. No. 1062

The purpose of this bill is to include the cumulative post retirement allowances in survivor benefits under two options which provide for less retirement allowances for the retiree. Upon the retiree's death, the retirement allowances continue until the beneficiary's death.

Your Committee reviewed and carefully considered the testimony presented at the hearing and finds that the bill seeks to correct an inequitable situation in which the beneficiaries of a retiree who selected one of the two options in which a lesser retirement allowance is received, continue to receive the retirement allowance without the cumulative post retirement. The bill amends the two options to require the inclusion of the cumulative post retirement in the retirement allowances that continue after the retiree's death.

Your Committee has made a technical, non-substantive amendment to the bill.

Your Committee on Labor and Public Employment is in accord with the intent and purposes 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.

SCRep. 249 Labor and Public Employment on H.B. No. 1066

The purpose of this bill is to require that overtime, standby, and hazardous duty pay or negotiated pay increases of employees in shortage category positions be based on the shortage category employee's current rate of pay which includes the pay differential for shortage category jobs.

Your Committee has reviewed and carefully considered the testimony presented at the hearing and finds that the pay adjustments for an employee in a shortage category job is based on the shortage employee's current salary without any consideration of the shortage category differential. Your Committee believes that the adjustment should be based on the employee's current pay including the shortage category differential. The pay adjustments would then properly reflect the adjusted compensation to which the employee in a shortage category is entitled.

In view of the concerns expressed in the testimony presented that hazard pay differential is presently calculated on base pay for all employees, your Committee has amended the bill to delete the phrase "temporary hazard" from the bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1066, as amended herein, and recommends that it pass second reading in the form attached hereto as H.B. No. 1066, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 250 Labor and Public Employment on H.B. No. 1126

The purpose of this bill is to provide a grant of \$42,000 for fiscal year 1987-1988, and \$44,000 for fiscal year 1988-1989 to the Kihei Youth Center to stimulate youth activities in the Kihei, Maui area. The grant-in-aid is needed to increase and upgrade personnel positions as well as to defray rising costs of insurance including workers' compensation contributions.

Your Committee received testimony from the Kihei Youth Center which gave clear indication of the great success of the youth programs run by the Center. The Kihei Youth Center is the only program in the Kihei area meeting the needs of youth not involved in structured after-school activities. It serves children and adolescents from 10 years of age to 17, of all ethnic and social backgrounds. The programs run by the center not only meet the social and recreational needs of these youths but provide a needed community resource for assessing professional programs for youths in need. The Center currently has a monthly attendance ranging from 206 to 312, more than double last year's attendance.

Your Committee believes that the Kihei Youth Center is a major resource to the community of Kihei and its surrounding areas. Without such programs these youths would lack a safe and wholesome place to go to after school, a place geared specifically to their needs and desires.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1126 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 251 Labor and Public Employment on H.B. No. 1440

The purpose of this bill is to appropriate \$343,266.00 to continue the employ-

ment of the 18 employees of the Progressive Neighborhood Program of the Office of Community Services who are currently assigned to the Departments of Social Services and Housing, Education, Health, and Labor and Industrial Relations; the University of Hawaii; and the Judiciary.

This Program, recently included within a new Office of Community Services along with other programs and services to assist the poor, the disadvantaged, refugees, immigrants, and other people in need, provides a mechanism to pinpoint those areas in the State where communities need special assistance.

Once these areas have been identified, the necessary programs and services can be assessed and delivered in the most efficient and effective manner.

Your Committee feels that this program has carried out its many goals and responsibilities since its establishment in 1967, improving the lives of many residents of the State who have found themselves in need of various types of assistance.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1440 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 252 Labor and Public Employment on H.B. No. 1499

The purpose of this bill is to add to the present exemptions of the civil service laws certain positions in the Governor's Office as may be allocated to the Governor by the General Appropriations Act.

Your Committee reviewed and carefully considered the testimony on the bill and finds that certain projects and programs which can be of substantial benefit to the State of Hawaii, such as the America's Cup and the space launching facility, among the more notable projects, require that the Governor's Office be given greater flexibility than is presently allowed in attracting highly trained, skilled, specialized and creative individuals to implement these programs and projects.

While your Committee believes that the Governor's Office should be given some flexibility in recruiting and hiring individuals for special and unique projects and events, your Committee also believes that the number of positions that the Governor would be authorized to establish should not exceed a certain number of individuals. Accordingly your Committee has amended the bill by adding within the amended language after the word "and" the phrase "not more than twenty."

Your Committee on Labor and Public Employment 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 referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 253 Labor and Public Employment on H.B. No. 1013

The purpose of this bill is to require that written notice be provided to general contractors by all persons who furnished labor or materials for public works projects (suppliers) and who have not been paid within ninety days from the date the materials were furnished or that person's portion of the job was completed.

Currently, it is common for suppliers of subcontractors in a public works project, who have no direct contractual relationship with the general contractor, not to give notice of their involvement in the job to the general contractor. When such a supplier is not paid by the subcontractor, the supplier must wait until two months after the publication of the notice of settlement before bringing a claim against the general contractor's payment bond. Often by that time, the general contractor has received total payment for the job so that these claims must be paid by the bonding company. However, these bonding companies usually require the general contractor to indemnify the company for all payments on the bond. In these cases, the general contractor has recourse against the subcontractor but in practice the subcontractor has usually exhausted the funds it received before

the claim became known. The final result is that the general contractor must pay twice for such labor or materials.

Your Committee received testimony from the General Contractors Association of Hawaii and the Pacific Electrical Contractors' Association in favor of the measure.

Upon further discussion, your Committee has amended the bill to reflect the concerns of some of the individuals presenting testimony and Committee members about the application of this measure to those projects already in progress. As a result the bill has been amended by specifically providing that those suppliers who have furnished labor and materials, but have not received payment by the time this bill is enacted into law, must give notice of this fact to the general contractor within ninety days of enactment or within ninety days from the date the last labor or materials were supplied.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1013, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1013, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 254 Labor and Public Employment on H.B. No. 817

The purpose of this bill is to correct the disparity in salaries between first and second deputies and between first and second assistants to the head of any department.

More specifically, the bill provides that the salaries of the second deputies and second assistants who are found by the department head to have duties essentially similar to or indistinguishable from the functions, duties, and responsibilities of the first deputy or first assistant shall be equal to the salary of the first deputy or assistant.

Your Committee received testimony from the Director of Personnel Services and the Public Employees Management Association of Hawaii in support of the intent of the bill.

Upon further review and discussion, your Committee finds that the functions, duties, and responsibilities of the first and second deputies and first and second assistants are nearly indistinguishable and has therefore amended the bill to provide that the salaries of all second deputies or second assistants to the head of any department shall be equal to that of the first deputies or first assistants.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 817, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 817, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 255 Labor and Public Employment on H.B. No. 819

The purpose of this bill is to establish a 5% salary differential for public officers and employees excluded from collective bargaining coverage under Section 89-6(c), Hawaii Revised Statutes. The bill as received directed the Director of Personnel Services to establish a 5% differential for those employees excluded under Chapter 89C, Hawaii Revised Statutes.

Currently these officers and employees are denied the right to join bargaining units and participate in the bargaining process which affects salary levels and other benefits, and they are also generally held to a higher level of responsibility and confidentiality, and are required to continue working during periods of labor disputes. Although these employees receive increases proportional to the increases granted other employees within the collective bargaining system, these increases have not kept pace with the increasing duties and responsibilities of these exempt positions.

Your Committee received testimony in general support of the bill from the

Director of Personnel Services and the Public Employees Management Association of Hawaii. The Personnel Services Director suggested that the provisions be clarified by specifying the positions which should be included, and by adding certain positions such as county positions and those within the State Judiciary. The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, supported the underlying objective but suggested amendments be made for clarity.

Your Committee has adopted the recommendations of the Department of Personnel Services and others presenting testimony by making the following amendments:

1. Mandating that the chief executives of the State and counties, the Board of Education, the Board of Regents, the Auditor, the Director of the Legislative Reference Bureau, the Ombudsman, and the Chief Justice of the Supreme Court or their designated representatives establish and maintain a 5% differential for excluded employees;

2. Specifying that the excluded employees who would receive the 5% differential are those who represent their employer, specifically the positions of chief of a state or county department or agency, or any major division thereof, as well as first deputies, first assistants, and top level managerial and administrative personnel and those individuals concerned with confidential matters affecting employee-employer relations; and

3. Changing the effective date from "upon approval" to July 1, 1987.

Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 819, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 819, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 256 Labor and Public Employment on H.B. No. 702

The purpose of this bill is to permit public employees to use accumulated vacation credits to supplement workers' compensation wage loss replacement benefits. Under existing law, public employees are already permitted to use accumulated sick leave benefits to supplement temporary total disability benefits under workers' compensation.

Your Committee has reviewed and carefully examined current practices in the State and the various political subdivisions thereof and finds that public employees should be given an option to either use as a supplement vacation or sick leave benefits which they have already earned. We have, therefore, amended H.B. No. 702 to allow the employee and not the employer the option to select either benefit form as a supplement. When the employee chooses to utilize accumulated vacation credits, there shall not be any limitation on the combined sum of vacation and workers' compensation benefits which may be allowed unless otherwise restricted by law.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 702, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 702, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 257 Labor and Public Employment on H.B. No. 809

The purpose of this bill is to amend Section 89-6, Subsection (a) to include as part of the teachers and other personnel of the Department of Education's Bargaining Unit, part-time employees working less than 20 hours a week who are equal to one-half a full-time equivalent. This bill also amends Subsection 89-6(c) to conform to Subsection 89-6(a).

Your Committee finds that there exists an anomaly in the present law that allows a Department of Education employee whose hours are equal to one-half of a full-time equivalent position to be excluded from representation by an exclusive bargaining representative while other half-time equivalents in other departments have such representation.

Your Committee believes that such inequities that exist in the law should be corrected.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 809 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 258 Labor and Public Employment on H.B. No. 131

The purpose of this bill is to prohibit employment application fees and charges by employers.

Your Committee has reviewed and carefully examined a developing practice among certain employers to charge applicants who can ill afford to pay fees and charges for job hunting. Since the practice is unfair and may lead to other abuses in the employment setting, we consider it an unfair employment practice.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 131, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 259 Labor and Public Employment on H.B. No. 159

The purpose of this bill is to commemorate the contribution made by the Rev. Dr. Martin Luther King to the civil rights movement in the United States. Your Committee has amended the bill to have the holiday designated as the Civil Rights Day and to establish the third Monday in January as a State holiday.

Your Committee has reviewed and carefully examined the contributions of Rev. Dr. Martin Luther King and finds that because of the movement which Rev. Dr. King led, we have uniformly adopted laws barring discrimination in hopes of ending the bigotry which has plagued this country too long.

It would indeed be ironic if the 50th State (the land of aloha with its rich ethnic history and diverse racial groups) did not acknowledge the achievements of the civil rights movement.

Your Committee is of the opinion that there would be no greater tribute to Rev. Dr. King than to establish a civil rights day in Hawaii which sets no boundary on who we can and should thank for the civil rights we enjoy today and in the future. While the notion celebrates Rev. Dr. King's birthday, we in Hawaii should commemorate all of those who, like Rev. Dr. King, dedicated their lives to betterment of civil liberties and those who in the future may contribute to the struggle for human liberty in a significant way.

Your Committee on Labor and Public Employment 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 referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 260 Labor and Public Employment on H.B. No. 190

The purpose of this bill is to clarify Sections 87-1, 87-4, 87-6, and 89-9 of the Public Employees Health Fund Law which in the past may have raised numerous questions in regards to their application.

Your Committee has reviewed and carefully examined the sections of the Public Employees Health Fund Law and has made the following amendments:

(1) The definition of "health benefits plan" in Subsection 87-1(8) is amended to encompass surgical procedures as a health benefit. This is a technical amendment to conform the same to Subsections 87-4(a), 87-4(d) and 89-9(e);

(2) Having defined "health benefits plan", Subsections 87-4(a), 87-4(d) and 89-9(e) are amended to delete reference to specific health coverage benefits (hospital, medical and surgical) and is referred to as "health benefits plan";

(3) Subsection 87-4(a) presently requires that the monthly health benefits plan contribution be based upon the HMSA regular plan rates. This requirement is deleted so as not to unfairly limit the plan's rates to HMSA rates; and

(4) Subsection 87-6(b) is amended to delete obsolete language, "County Auditor", and continues to use the position titles of comptroller and finance officer.

Your Committee has also made technical, non-substantive amendments to this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 190 and recommends that it pass Second Reading, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 261 Labor and Public Employment on H.B. No. 442

The purpose of this bill is to afford public employees "due process" when they are suspended for investigative as well as for disciplinary purposes.

Your Committee has reviewed and carefully considered the manner in which appointing authorities have suspended public employees for investigative reasons. We find that limitations must be established on the preconditions, duration, and manner by which public employees are suspended while they are subject to investigation for possible misconduct. Your Committee also finds that appropriate relief to make employees whole when charges cannot be substantiated is only fair and just.

In those instances where suspensions for disciplinary causes are deemed warranted, we further find that "due process" can best be assured by (1) requiring public employer to provide advance notice to the employee of specific charges; (2) mandating that public employers provide a written statement of explanation of the evidence supporting the charges brought; and (3) allowing the employee an opportunity to present his or her side of the story before the disciplinary action takes effect.

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

Signed by all members of the Committee.

SCRep. 262 Labor and Public Employment and Consumer Protection and
Commerce on H.B. No. 443

The purpose of this bill is to establish an Office of the Business Advocate within the Department of Budget and Finance to be staffed by professional and clerical employees who will represent the interest of employers or insureds on workers' compensation rate making proceedings. The role of the business advocate is modeled after that of the consumer advocate who appears before the Public Utilities Commission under HRS Chapter 369.

Your Committees have reviewed and carefully considered rate making proceedings before the insurance commissioner on workers' compensation and find that there is a continuing need for greater participation by the insureds in the rate making process. For the most part under current law and practice, rate filings

are reviewed and acted upon by the insurance commissioner without intervention of employers who are directly affected by higher workers' compensation premiums. Within the last year decreases in rates have in part occurred because of the participation of an insured in rate making proceedings who hired an actuary and challenged certain assumptions made by those who advocated increases. Such involvement will be encouraged in the future by an office of the business advocate.

Your Committees further find that a business advocate's participation in rate making will result in a thorough consideration of investment income earned from unearned premiums and loss reserve funds. To insure independence and autonomy from other possible conflicting interests, the Office of the Business Advocate is established for administrative purposes in the Department of Budget and Finance. It is intended that the business advocate will have adequate professional advice and assistance throughout the rate making and judicial review process.

Your Committees on Labor and Public Employment and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 443 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 263 Labor and Public Employment on H.B. No. 446

The purpose of this bill is to implement in the work place the right of privacy under Article I, Section 6 and the right of the people to be free from unreasonable searches, seizures and invasion of privacy under Article I, Section 7 of the State Constitution. A new part is created under Chapter 378 to protect employees from (1) random, mandatory and unreasonable blood, urine and encephalographic testing as a condition of employment; (2) unreasonable searches and seizures; and (3) unauthorized disclosure of test results.

Section 1 of the Act reaffirms the fundamental right of privacy endowed by our State Constitution to all of the people of Hawaii. In Article I, Section 6, delegates to the 1978 Constitutional Convention mandated that affirmative steps be taken to implement this right of privacy established by common law, by the United States Constitution, and by the State of Hawaii Constitution. Article I, Section 6 provides:

Section 6. The right of the people to privacy is recognized and shall not be infringed without the showing of a compelling State interest. The Legislature shall take affirmative steps to implement this right. (Emphasis added).

At the 1978 Constitutional Convention, delegates reaffirmed a commitment that the right of privacy be given the broadest possible scope and coverage. (Stand. Comm. Rept. No. 69, Const. Con., 1978). Your Committee finds this measure to be consistent with the spirit and intent expressed by the delegates.

Section 2 of this Act extends the scope and protection of this measure to employees in the public and the private sectors and provides those who are employed as well as applicants for employment equal standing. Your Committee finds that the right of privacy extends by common law and by the State Constitution in all work places within this State.

Section 3 of the Act prohibits mandatory and random use of blood, urine or encephalographic tests as a condition of employment. Your Committee finds that available medical and scientific studies confirm that blood, urine and encephalographic tests lack reliability with alarming rates of false-positive results. Often these tests do not measure the effects of any particular drug or condition as to physical impairment for fitness for work. See, T. Denenberg and R. Denenberg, Alcohol and Drugs, 97-98, 1973; Letter to the Editor by Arthur J. McBay, Kurt M. Dubowsky, Brian S. Finkel, 249 JAMA 881, 1983; "Crisis in Drug Testing, Results of CDC Blind Study", JAMA, April 26, 1985, Vol. 253, No. 16; "Mandatory Unindicated Urine Drug Screening: Still Chemical McCarthyism", JAMA, Dec. 5, 1986, Vol. 256, No. 21. Your Committee notes that a recent quality assurance study of testing laboratories by the Federal Center for Disease Control revealed that 91% of tests performed were unacceptable. See, BNA's "Employee Relations Weekly", November 17, 1986, Vol. IV, pp. 1423-1424.

Under Section 3 of this Act, however, employers are permitted to test employees where there is reasonable cause to believe that their faculties have or may be impaired, where there is clear or present danger to the safety of the employee, other employees, and to the public at large, and where the employee is afforded the opportunity to check the reliability of testing procedures. Your Committee has amended Section 3 of the bill to limit blood testing which is invasive only where appropriate for a specific disease condition, and to permit testing where the three conditions have been met to job applicants in addition to individuals who have already been employed.

Section 4 of the Act exempts medical screening intended to comply with occupational, safety and health requirements of employers. Your Committee further notes that this measure is not intended to conflict with existing programs in the Department of Education and in the Department of Health to prevent and limit the spread of infectious and communicable diseases. See, Sections 398-42, 325-15, and 321-11.

Section 5 of the Act authorizes employers to prohibit the use of intoxicating substances and to discipline employees for working under the influence of intoxicating substances during work hours.

Section 6 of the Act is intended to provide employees freedom from unreasonable searches and seizures by their employers. All too often, employees are subject to random and mandatory searches in areas where they should have reasonable expectations of privacy. H.B. No. 446 has been amended, however, to permit searches in three circumstances including situations where there is probable cause to believe that criminal conduct is in progress on the job site.

Section 7 of the Act is intended to encourage employees who are in the high risk categories for affliction to communicable diseases to voluntarily undertake appropriate blood testing without fear of retaliatory action by their employers. Your Committee finds that unless privacy in test results is assured, high risk individuals will not voluntarily accept needed testing. These individuals fear retaliatory measures by employers. Thus, your Committee seeks to eliminate another barrier to voluntary testing.

Section 8 of the Act provides civil remedies, including injunctive relief. Your Committee finds that the interests of employers and employees alike will be better served through appropriate equitable remedies. Given the lack of reliability of testing procedures, your Committee believes that the interests of all concerned would best be served by prompt and expeditious determinations of their rights under this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 446, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 446, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 264 Labor and Public Employment and Legislative Management on
H.B. No. 1115

The purpose of this bill is to appropriate \$10,000 for a review of the current system of compensation and benefits for, as well as the overall organization of, session workers and legislative employees.

Currently, the majority of session workers are employed in positions which last little longer than the length of session and many of these employees are completely new to the job.

Whether experienced or not, session workers are required to carry out many intricate tasks and meet deadlines which come throughout the session. Many are also required to learn one or more computer or word processing systems while simultaneously meeting the needs of the position for which they were hired. Because of the expertise required to perform quickly and efficiently, past experience is necessary. However, because of the low pay and the fact that the job lasts only a little over 4 months, few incentives exist to attract previous session workers to return.

Positions for full-time legislative employees also face a high turnover because of inadequate pay, lower than for similar work for other employers, and the high stress experienced during session.

A further consideration is the indication that other states are in the process of expanding and centralizing their legislative staffing systems to meet the high demands of the many new issues being faced by legislators daily.

Your Committee on Labor and Public Employment and Legislative Management are in accord with the intent and purpose of H.B. No. 1115 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Alcon, Crozier, Anderson and Liu.

SCRep. 265 Labor and Public Employment on H.B. No. 1500

The purpose of this bill is to establish a training program to assist relocating and expanding businesses by hiring local trained workers. This program is consistent with Hawaii's economic development plan for diversification and for the attraction of new investment by companies locating in our high technology parks, in particular.

As received by your Committee, this bill establishes the training program within the Department of Labor and Industrial Relations to provide pre-employment training or retraining to meet the specific needs of qualifying businesses. Further, the Department may contract for services to accomplish these goals from the University of Hawaii or other educational and training organizations in the public or private sectors. The bill provides an appropriation of \$250,000 for FY 1987-1988 to initiate and carry out the purposes of the bill.

Representatives from the Department of Labor and Industrial Relations, Department of Land and Natural Resources, Department of Planning and Economic Development and the University of Hawaii community colleges system testified in support of this measure.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1500, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Crozier, Tungpalan and Medeiros.

SCRep. 266 Labor and Public Employment on H.B. No. 1587 (Majority)

The purpose of this bill is to require that scheduled losses for permanent partial disability benefits be paid on a uniform basis without regard to the wage level of the claimant.

Under present law a great disparity in workers' compensation benefits exists between the low paid workers and highly paid workers for identical losses of the eyes, ears, limbs, fingers and toes.

Your Committee has carefully considered and reviewed the testimony presented and finds that those who suffer scheduled losses receive different amounts of benefits depending on their average weekly wages. As the Labor Department confirms, there will be a slight increase in costs but that the inequity needs to be rectified.

Accordingly, this bill requires that in all cases of permanent partial disability the benefit amounts to be awarded under Section 386-32(a) be based on the effective maximum weekly benefit rate prescribed in Section 386-31.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1587 and recommends it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 267 Housing and Community Development on H.B. No. 1012

The purpose of this bill is to create a Rental Housing Revolving Fund to be administered by the Hawaii Housing Authority.

The Hawaii Housing Authority (HHA) testified that unlike the public housing programs of the HHA, rental projects developed under Chapter 359G, Hawaii Revised Statutes, (commonly referred to as Act 105) are not pledged as collateral for the notes and bonds issued for the construction and rehabilitation of the projects. Therefore, any moneys collected from rents which may be necessary for the payment of any debt service or for the operations of the project should be placed in a separate special fund.

As projects are completed and as moneys begin to accumulate, surplus revenues may be utilized by the Authority for the development of other rental projects. In this way, moneys can be constantly recycled.

This bill provides that priority be given to the development and financing of housing projects targeted for the elderly. Your Committee recognizes the elderly as becoming a more prominent segment of the total population, and believes that there is a demonstrated need for more elderly housing.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 1012 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 268 Housing and Community Development on H.B. No. 1192

The purpose of this bill is to amend Sections 46-15.1 and 46-15.2, Hawaii Revised Statutes, to provide the counties with greater flexibility in the structuring of bond issues for county housing programs.

Specifically, the bill proposes to:

- (1) Clarify that the provisions of Section 46-15.2, Hawaii Revised Statutes, relating to tax-exempt bond financing may be applied to carry out the purposes of Section 46-15.1, Hawaii Revised Statutes, regarding county powers to develop housing;
- (2) Expand the scope of Section 46-15.2, Hawaii Revised Statutes, to include the issuance of tax-exempt revenue bonds under Chapters 47 and 49, Hawaii Revised Statutes, for the purpose of financing county-owned housing;
- (3) Authorize the counties to issue capital appreciation bonds in support of county housing development activities;
- (4) Allow the counties to contract for support facilities for options or for interest rate swaps so that variable-rate financings can be undertaken; and
- (5) Provide the counties with the same ability as the Hawaii Housing Authority with respect to the investment of bond proceeds and bond-related moneys, including required reserves.

The Department of Housing and Community Development, City and County of Honolulu, testified that the issuance of bonds by the City is a valuable source for providing financing to stimulate private sector development of new rental housing or for rehabilitating existing apartments with emphasis on making units available to lower income groups. Additional flexibility is needed, however, if bond issuers are to take advantage of recent innovations in tax-exempt financing techniques and new investment alternatives for bond funds in the structuring of bond issues. This flexibility would allow the counties maximum use of tax-exempt bond financing for purposes of increasing the supply of affordable rental housing.

Your Committee has amended this bill to correct drafting errors.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 1192, as amended herein, and recommends that it

pass Second Reading in the form attached hereto as H.B. No. 1192, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 269 Housing and Community Development on H.B. No. 758

The purpose of this bill is to establish a statewide neighborhood revitalization program by providing each legislator with funds to do small capital improvement projects in their respective districts.

Testimony received by your Committee indicates support for such a concept, particularly because it would address the need for government to work more closely with communities in the funding of small neighborhood projects, such as sidewalks or a bike lane. This bill provides an opportunity for the whole neighborhood to work together to get improvements that benefit all at a reasonable cost.

One example cited with respect to how this program could work is our bus shelter program. Under this program, the City supplies all the materials and the local Lions Club constructs the shelter as a community service project. The result is that a shelter, which would cost the City \$20,000 to contract out, is done at a cost of \$2,000 in materials.

Your Committee has amended this bill by deleting the dollar amount to be appropriated.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 758, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 758, H.D. 1, and referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 270 Housing and Community Development on H.B. No. 651
(Majority)

The purpose of this bill is to establish an 18-month moratorium on the creation of group living facilities and to require the Department of Health to develop a statewide plan for the rational dispersion of such facilities.

Currently, the State is achieving its goal of removing individuals from institutions and placing them into group living facilities within communities, but failing to achieve its goal of dispersing those facilities throughout the State. Testimony indicated that a disproportionately large number of group living facilities have been established in Waipahu as compared to other areas in the State.

Testimony in opposition to the bill agreed that more should to be done to disperse facilities around the State but objected to the statewide moratorium as being an overreaction which would not resolve the current problem.

Your Committee finds that there is a problem of these facilities being concentrated in a few areas rather than being dispersed. While in agreement with the intent of this bill, your Committee believes that the rights of people in institutions to the quality of life available in well-managed group care facilities must also be considered.

Your Committee has therefore made the following amendments to this bill:

- (a) to limit the area of the moratorium to the neighborhood of Waipahu;
- (b) to shorten the moratorium period from eighteen to twelve months; and
- (c) to specify the date of the beginning of the moratorium as July 1, 1987.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 651, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 651, H.D. 1, and be referred to the Committee on Health.

Signed by all members of the Committee except Representative Leong.
(Representative Shon did not concur.)

SCRep. 271 Housing and Community Development on H.B. No. 897 (Majority)

The purpose of this bill is to allow lessees who have a minority interest in fee simple lands to qualify to purchase the fee simple interest in their residential houselots under the Land Reform Program.

Section 516-33, Hawaii Revised Statutes, sets forth various requirements which must be met in order for a person to qualify under the Land Reform Program. One of those requirements is that the lessee does not own in fee simple, lands which are suitable for residential purposes within the county and in or reasonably near the lessee's place of business. This bill seeks to broaden the fee simple ownership requirement to allow for a minority interest in fee property by amending Section 516-33(7), Hawaii Revised Statutes.

Your Committee received testimonies from the Hawaii Housing Authority and the Kamehameha Schools/Bernice Pauahi Bishop Estate (Bishop Estate), in support of and in opposition to H.B. No. 897, respectively.

The Hawaii Housing Authority testified that in the administration of the Land Reform Program, the requirement set forth in Section 516-33(7), Hawaii Revised Statutes, has not been fair and equitable in certain cases. A lessee may own and reside in a leasehold residential home and yet be disqualified from purchasing the fee interest because the lessee owns a minority interest in fee property, acquired due to factors such as:

(1) The minority interest in fee property was acquired due to an inheritance. If, for example, a property is willed to a number of descendants in a family, any one of those descendants would be disqualified from purchasing under the Land Reform Program because they each own "fee simple property". Often a lessee in this situation is unable to sell his or her minority share of the property without the concurrence and approval of the other owners.

(2) The fee property was purchased in severalty to help parents, children or other family members qualify for mortgage financing. Financial institutions often require additional security and individuals (frequently a brother or sister) may, without realizing the consequences, co-sign the mortgage.

The Bishop Estate testified that this bill is at variance with the purposes of the leasehold conversion law and will encourage persons to find new ways to subvert the qualification procedures under Chapter 516, Hawaii Revised Statutes. A number of lessees who own other fee simple properties have tried to circumvent the legislative intent of Chapter 516 through various devices, such as land trusts, which conceal the lessee's ownership of fee simple lands.

Your Committee finds from testimony presented that, as evidenced in Section 516-28, Hawaii Revised Statutes, one of the intents of the Land Reform Act is to prevent lessees from acquiring more than one lot in fee simple under the provisions of the law. Your Committee, therefore, believes that broadening of the fee simple ownership requirement to allow for a minority interest in fee property will not alter the intent of the Land Reform Act.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 897 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Leong.
(Representative Peters did not concur.)

SCRep. 272 Housing and Community Development on H.B. No. 898

The purpose of this bill is to make certain "housekeeping" amendments to Chapter 359G, Hawaii Revised Statutes, as recommended by the Revisor of Statutes, by amending Sections 359G-20.5 and 359G-30, Hawaii Revised Statutes.

Pursuant to Sections 23-12 and 23G-20, Hawaii Revised Statutes, and in accordance with a revision bill (H.B. No. 2178-86; Act 339, SLH 1986), the Revisor of

Statutes prepared the 1985 Replacement volumes of the Hawaii Revised Statutes. During that process, certain sections of Chapter 359G administered by the Hawaii Housing Authority were identified as requiring amendments. Those sections requiring amendments, which were outside of the scope of the revision bill, are as follows:

(1) Paragraphs (e)(1) and (e)(3) of Section 359G-20.5, Hawaii Revised Statutes, contain references to the "interest rate as defined in Section 359G-7". However, Section 359G-7 contains no defined interest rate.

(2) Section 359G-30 contains references to subsections (d)(1) and (d)(2) of section 103 of the Internal Revenue Code of 1954 "as now in effect". Those references have been amended but the "as now in effect" language seems to preclude substitution of references.

This bill proposes amendments necessary to correct these errors. Accordingly, your Committee received testimony from the Hawaii Housing Authority in support of this measure.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 898 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 273 Housing and Community Development on H.B. No. 1447

The purpose of this bill is to appropriate \$5,000,000 to the State's Rental Assistance Program.

The State's Rental Assistance Program, created under Part III of Chapter 356, Hawaii Revised Statutes, provides one alternative for the State to assist in inducing the development or rehabilitation of rental housing for Hawaii's residents. Under this program, subsidies are provided to qualified owners of rental projects for a minimum period of ten years for all or a portion of the units in an eligible rental project. In this manner, affordable rental units are made available to residents of low- and moderate-income.

The Legislature has thus far appropriated \$5.5 million for the Rental Assistance Revolving Fund. It is important to note that only the interest earnings on investments of the principal sums in the fund (and amounts recovered by the Hawaii Housing Authority upon the termination of rental assistance contracts) may be applied to fund rental assistance payments to the eligible projects. The principal appropriated amount will always remain intact.

The Hawaii Housing Authority (HHA) testified that earnings from fund investments have thus far generated approximately \$1,000,000 in additional fund equity. The sum has been sufficient for the HHA to issue commitments for rental assistance payments to the owners of three different rental projects, with approximately \$9,000,000 available for future commitments. This remaining amount will assist only 25 additional units.

Your Committee received numerous testimonies, all in favor of this measure.

This bill has been amended for purposes of clarification.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 1447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1447, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 274 Housing and Community Development on H.B. No. 1329

The purpose of this bill is to allow the Hawaii Housing Authority (HHA), on a case-by-case basis, to waive the buy-back and owner-occupancy restrictions on certain units without these restrictions being reinstated after the transfer of title; and to extinguish the buy-back and owner-occupancy restrictions when an

HHA dwelling unit and the land or leasehold interest is transferred pursuant to a mortgage foreclosure, foreclosure under a power of sale, or a conveyance in lieu of foreclosure. This bill proposes amendments to Chapter 359G, Hawaii Revised Statutes, by amending subsections 9.2(b) and (c), and 9.3(d), Hawaii Revised Statutes.

Your Committee received favorable testimonies from the Hawaii Housing Authority and the City and County of Honolulu's Department of Housing and Community Development.

The Hawaii Housing Authority testified that it firmly believes that the buy-back provision set forth in Section 359G-9.2, Hawaii Revised Statutes, and the owner-occupancy requirements set forth in Section 359G-9.3, Hawaii Revised Statutes, are necessary and help to prevent speculation of its lower cost homes. However, the Hawaii Housing Authority also believes that these restrictions should be extinguished under certain specific circumstances on case-by-case bases, and when Hawaii Housing Authority real property is transferred pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 1329 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 275 Housing and Community Development on H.B. No. 1512

The purpose of this bill is to allow the Hawaii Housing Authority to establish a taxable mortgage securities program. The bill also authorizes the issuance of these securities in the aggregate principal amount not to exceed \$400 million.

The State's tax exempt mortgage program, commonly referred to as Hula Mae, was established by the State Legislature in 1979 and has been a very successful program in providing below-market interest rates to first-time homebuyers.

Your Committee received testimony from the Hawaii Housing Authority (HHA) in support of this measure, whereby the HHA testified that in working with the private sector, the HHA has assisted more than 4,500 families in purchasing a home of their own since the first tax-exempt bond issue in 1980. However, despite the success of the Hula Mae Program, mortgage financing alternatives must be sought and implemented due to passage of the Tax Reform Act of 1986. Provisions in the tax reform measure have placed much stricter income and purchase price limits on the Hula Mae Program, such that a large percentage of the families and properties which have previously qualified for Hula Mae financing would no longer qualify under the new federal laws regarding tax-exempt mortgage revenue bond programs. In addition, federal authorization for such programs will sunset on December 31, 1988. Thus, Hawaii must seek alternative means of financing lower interest rate mortgage loans for first-time homebuyers; one alternative is the establishment of a taxable mortgage securities program.

Your Committee also received favorable testimony from the Hawaii League of Savings Institutions (Hawaii League). However, while the Hawaii League supports the intent of H.B. No. 1512, it expressed the concern that state government not compete in the same markets that the private sector competes in.

The HHA testified that if it was authorized to establish a taxable mortgage securities program, it would continue to work with the private sector in originating and servicing the loans. It would also impose the same income qualification restrictions as under the current Hula Mae program; therefore, the HHA believes that it would not be competing with the private sector.

The HHA further testified that it is important to note that issuance of these taxable securities will not be counted toward the State's debt ceiling and will not be considered in determining the State's credit standing by Standard & Poor's and Moody's. Taxable securities would be considered revenue bonds as opposed to general obligation bonds.

Finally, the HHA noted that while H.B. 1512 provides it with considerable flexibility in the structuring of the program, it believes that this flexibility is

necessary to obtain the most favorable mortgage interest rates for homebuyers.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 1512 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 276 Housing and Community Development on H.B. No. 1795

The purpose of this bill is to provide the Hawaii Housing Authority with greater flexibility in the issuance of bonds.

SECTION 356-29, Hawaii Revised Statutes, currently states that the Hawaii Housing Authority (HHA) may sell bonds at not less than par at a public sale. This bill provides that the HHA, at its discretion, may sell bonds at par or at less than par (discounted bonds); and provides, further, that the bonds may be sold either through an advertised public sale or by negotiated private sale. This greater flexibility in marketing bonds was suggested by Wood Dawson Smith and Hellman, bond counsel to the State of Hawaii, as a means of enabling the HHA to achieve a more competitive bond rate to finance its programs.

The Hawaii Housing Authority testified that its Hula Mae Program, which is governed by a different set of statutes, has used discounted bonds extensively to achieve the best rate possible on past Hula Mae issues. Section 356-213, Hawaii Revised Statutes, permits the HHA to sell revenue bonds "at public or private sale, and for a price as may be determined by the authority to be in the best interest of the State."

This bill will allow the HHA to likewise achieve the best rate possible on projects financed under Section 356-29.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 1795 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 277 Transportation on H.B. No. 1315

The purpose of this bill is to allow the Governor to explore non-traditional, non-capital intensive alternatives to address the problem of traffic congestion by providing the authority to modify the hours of private schools and State universities. In addition, this bill would prohibit the undertaking of any public contract work that adversely impacts peak hour traffic and causes more intensified congestion.

Traffic on the major corridors leading into and out of Honolulu during morning and afternoon peak periods has exceeded the practical capacities of the existing facilities, and will continue increasing as the population and workforce grows. Limitations of financial and natural resources, and increased awareness of environmental concerns require that alternative, non-capital intensive approaches which lead to the more efficient use of existing facilities be developed and implemented.

Your Committee finds that traffic congestion is often aggravated by construction or other work undertaken in execution of public contracts, and agrees that public contracts should require that peak period traffic congestion not be adversely impacted by the execution of the contract. Your Committee further finds, however, that this requirement should not apply in emergency situations in which the health, safety, welfare, and convenience of the public are threatened.

In addition to the work hour factor, another factor which must be considered is the effect of school starting times on traffic congestion. Both the Honolulu Work and School Hour Change Study, by Alan M. Voorhees and Associates in 1981, and the School Hour Change Study, by Kaku Associates in 1986, indicate the significant impact of school related travel on peak period traffic congestion. Both studies concluded that morning peak period traffic congestion could be reduced significantly if school starting times were shifted back at least 1/2 hour.

On this basis, your Committee further finds that modifying the hours of public schools, private schools, and universities is a viable and effective approach to reducing peak period traffic congestion. However, your Committee further finds that it is not appropriate, at this time, to grant the Governor statutory power to set private school hours, as efforts should first be made to encourage the co-operation and voluntary action on the part of the private schools.

Your Committee has therefore amended this bill to delete Section 3, which would have provided statutory power to the Governor to modify hours of private schools, as well as to remove other references to the modification of private school hours for the purposes of clarity and consistency.

Your Committee has further amended the bill to exclude emergency services which affect the health, safety, welfare, or convenience of the public from contract provisions requiring that work undertaken not adversely impact peak period traffic congestion.

Other technical, nonsubstantive amendments were made for the purposes of style and consistency.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1315, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1315, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tungpalan.

SCRep. 278 Transportation on H.B. No. 1333

The purpose of this bill is to amend the current statutes to allow the installation of currency-operated vending machines and automatic teller machines on public property without bidding.

Your Committee finds that the present law specifically exempts coin-operated vending machines, but excludes coin-operated insurance vending machines. New technology has led to vending machines which can accept currency for payment and provide correct change, as well as automatic teller machines. Part of the revenues for the state airport system is derived through vending machines, which provide a needed service to passengers. By allowing the newer currency-operated machines, as well as insurance vending machines and automatic tellers (which would be permitted on a rental basis), both levels of income and service provided would be increased.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1333 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 279 Transportation on H.B. No. 1332

The purpose of this bill is to allow the Department of Transportation to place a lien on any aircraft that has failed to make payment of any required landing fees or other airport-related fees assessed. Lien execution procedures which include notification, impoundment, public auction, and liquidation are also specified.

Current law prohibits the Department of Transportation from placing a lien against an aircraft for charges owed to the airport as a result of the aircraft operator's failure to pay appropriate fees. These fees may include landing fees, parking fees, holding room charges, and hangar rentals. This anomalous situation may lead to substantial losses in airport special fund revenues, due to the inability to collect on past due accounts if the debtor's assets cannot be attached.

Your Committee finds that the Department of Transportation should be given the authority to place a lien against an aircraft for charges owed the airport and, if necessary, impound and sell attached assets, as this would greatly assist the Department in the collection of past due accounts.

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

H.B. No. 1332 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 280 Transportation on H.B. No. 1519

The purpose to this bill is to allow the Department of Transportation to adopt rules to increase the fees and charges for vessel registration to provide sufficient revenue to meet the increased costs of administering the program.

By way of a brief background, the Federal Boat Safety Act of 1971 authorized the State to establish vessel registration fees to cover the cost of administering the vessel registration program. However, at the present time, the Department of Transportation must seek legislative action each time an adjustment to the vessel registration fees and charges is needed to cover the costs of administering the vessel registration program. Your Committee finds that granting the Department authority to administratively establish vessel registration fees and charges, pursuant to Chapter 91, HRS, would provide the needed flexibility to adjust for changes in the program costs, and further administrative and governmental efficiency.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1519 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 281 Transportation on H.B. No. 1517

The purpose of this bill is to increase the fees and charges for vessel registration to meet the increased costs of administering the vessel registration program.

By way of a brief background, the Federal Boat Safety Act of 1971 authorized the State to establish vessel registration fees to cover the cost of administering the vessel registration program. Your Committee finds that as vessel registration fees and charges have remained unchanged since 1977, the revenues derived from this source have not kept pace with escalating administrative and material costs. This has resulted in increasing levels of funds being diverted from other necessary boating program activities to accommodate the cost increases of the vessel registration program.

Your Committee further finds that increasing the vessel registration fees and charges will provide the necessary revenues to meet the anticipated costs of future vessel registration activities.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1517 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 282 Transportation on H.B. No. 999

The purpose of this bill is to amend the statute which forbids fraudulent use of vehicle license plates to include tax decals and safety check stickers as well.

Your Committee received testimony from the Honolulu Police Department in support of this bill. Testimony indicated that the present statute refers only to vehicle license plates, thus hampering efforts to curb the use of stolen tax decals and safety check stickers. This bill would enable the police to prosecute these offenses and possibly deter them.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 999 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.