

SCRep. 588 Transportation on H.B. No. 1518

The purpose of this bill is to remove the existing statutory exemption of commercial and "for hire" vehicles from mandatory seat belt use. This bill also provides a definition for emergency and mass transit vehicles.

At the present time, the existing statute offers no definition of emergency, commercial, "for hire", or mass transit vehicles. This has resulted in confusion as to the applicability of the seat belt law.

The proposed amendment would rectify this problem by providing definitions for emergency and mass transit vehicles, and by reducing the number of vehicle classifications which are exempted from the seat belt use requirement. Vehicles classified as commercial or "for hire" would no longer be exempted, as there is no reasonable justification for exempting them from the law, while still requiring compliance by similar vehicles which are used only for personal purposes.

In addition, existing statutory language specifically exempting Type I school buses from the seat belt use requirement would be deleted, as Type I school buses are more properly defined, as proposed, as mass transit vehicles. Type I school buses would thereby be exempted from the requirement due to its proposed classification as a mass transit vehicle.

The Department of Transportation testified in favor of this bill, indicating that the proposed amendments to the seat belt law would make the law more comprehensive and easier to enforce.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1518 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 589 Transportation on H.B. No. 1590

The purpose of this bill is to change the certification requirement (safety check) period from six months to twelve months for motor vehicles ten years of age or older. However, this bill also provides that any vehicle ten years of age or older found to be in an unsafe operating condition shall still require a new certificate of inspection, after necessary repairs or corrections have been made, once every six months until the vehicle is found to be in safe operating condition.

The recently proposed changes to the vehicle safety inspection program, offered by the Department of Transportation, has met significant opposition from consumers and businesses statewide. While the majority of the complaints dealt with specific changes to the existing program, a significant amount of concern was raised over the long-standing statutory requirement that vehicles ten years of age and older be inspected every six months. Your Committee finds that many owners maintain their older cars in good, safe operating condition, as the cost of replacing them with high-priced, newer models has become prohibitive. In addition, there is no statistical evidence to justify this requirement for older vehicles, as compared to newer ones.

Testimony received by the International Longshoremen's and Warehousemen's Union Local 142 and the Hawaii Automotive and Retail Gasoline Dealers Association supports the intent to change the requirement of twice-a-year inspections for cars ten years and older to once-a-year inspections.

Testimony presented by the Department of Transportation indicated concern over the proposed amendment of subsection (e), which would require vehicles ten years of age or older that are found in unsafe operating condition to be inspected every six months until found to be in safe condition. The Department indicated that the proposed amendment may be interpreted to allow unsafe vehicles to receive certificates of inspection. In addition, your Committee further finds that there is insufficient justification to require only cars which are ten years or older, and which do not pass the initial inspection to be subject to another inspection in six months.

Your Committee has therefore amended this bill by deleting the proposed amend-

ment of subsection (e).

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1590, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 590 Transportation on H.B. No. 1688

The purpose of this bill is to relieve owners of private aircraft from absolute liability for injuries to persons or property caused by the aircraft, while retaining the existing statutory provision that holds the owner of every aircraft operated for commercial use absolutely liable. This bill also provides a definition for "commercial use" aircraft.

The present statute imputes absolute liability to owners of commercial and privately-owned aircraft for any injury to persons or property connected with the aircraft, regardless of whether the aircraft was leased, was operated by someone other than the owner, or was reported as stolen at the time of the injury.

Your Committee finds that this provision has resulted in significantly higher insurance rates for owners of private aircraft in Hawaii, as compared to other mainland states. The proposed amendment would impute presumed liability, rather than absolute liability, to owners of private aircraft for any injury to persons, or property caused by the aircraft, and should thereby make affordable insurance available to these owners.

Your Committee is in accord with the intent and purpose of H.B. No. 1688 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 591 Transportation on H.B. No. 231

The purpose of this bill is to amend the existing definition of "highway" to include all roads open to the public for vehicular travel, except private roads used primarily for agricultural purposes, to provide a more comprehensive application of the provisions of Title 17, HRS.

At the present time, the provisions of Title 17, which include highway safety rules and regulations and the Statewide Traffic Code, are applicable only to roadways open to the public which are also publicly maintained. Consequently, violations of Title 17 provisions which occur on roadways open to the public but not publicly maintained, such as semi-private roads, are not enforceable. Your Committee finds that it is in the best interest of the public's health and safety that amendments be made to allow the enforcement of Title 17 provisions on all roadways open to the public.

To address the concerns of the Department of Transportation and the Corporation Council of the County of Hawaii, your Committee has made the following amendments to this bill:

(1) Deleted Section 2 of the bill, which proposed the amendment to the definition of "highway" as specified throughout the chapter, and relatedly added two new sections which would provide the proposed, broad definition of "highway" for application specifically to Part III and Part VI of Chapter 286;

(2) Added to Section 3 of the bill an amendment of the existing definition of "street" consistent with the proposed amendment to the definition of "highway";

(3) Added a new section to include the proposed, broad definition of "highway" to Section 249-1, for application throughout Chapter 249, relating to County Vehicular Taxes; and

(4) Added five new sections to amend Sections 286-41(a) and (d), 286-52(c), 286-53(c) and (i), 286-53.1, and 286-54 to change references to "public high-

ways" to "highways" to eliminate potential ambiguity.

In addition, other technical, nonsubstantive amendments were made for the purposes of clarity and consistency.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 231, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 231, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 592 Transportation on H.B. No. 1174

The purpose of this bill is to allow a resident military person and that person's immediate family, if the resident military person resides outside the State on official military orders, to renew their driver's license by mail for more than two consecutive renewals.

At the present time, only two consecutive driver's license renewals by mail are allowed. Many Hawaii resident military personnel and their dependents are stationed, on official military orders, away from Hawaii during their designated renewal period. Consequently, it is impossible for them to be physically present for the renewal test and physical examination to the renewal. The proposed amendment would help to alleviate this problem for our resident military personnel, as well as for the Department of Finance of each county.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1174 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 593 Planning, Energy and Environmental Protection on H.B. No. 1028

The purpose of this bill is to transfer from the Environmental Council to the Office of Environmental Quality Control, the responsibility of making recommendations on the acceptability of environmental impact statements (EIS).

Your Committee finds that presently the Council may be asked by an agency to make a recommendation on the acceptability of an EIS. Chapter 343 HRS also designates the Council as the appeal body for a non-accepted EIS; thus a conflict arises if the Council recommends an EIS to be non-acceptable and the applicant appeals the non-acceptance of that EIS to the Council.

Your Committee further finds that by having the Office of Environmental Quality Control recommend the acceptability of an EIS, this conflict can be eliminated. Your Committee feels that the Office is better equipped to make such recommendations since it presently makes recommendations of acceptability to the Governor.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1028 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 594 Planning, Energy and Environmental Protection on H.B. No. 379

The purpose of this bill is to improve and streamline the environmental impact statement (EIS) preparation, review and approval process by making minor amendments and corrections to the law. This bill establishes definitions for "draft" and "final" statements, and adopts the recommendations developed during an EIS workshop conducted by the Environmental Quality Commission.

Your Committee finds that in working with Hawaii's EIS process over the years, the Environmental Council has identified several deficiencies and sources of inefficiency in the overall system of EIS preparation, review and approval. The

amendments proposed in this bill are generally minor and of a housekeeping nature. However, their adoption will result in an improved and streamlined system.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 379 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 595 Health on H.B. No. 379

The purpose of this bill is to require the Department of Health to establish a certification system for non-hospital based emergency rooms. This is meant to encourage emergency response attendants to deliver patients to these facilities whenever feasible or geographically necessary.

The impetus for this bill is the current policy to take emergency ambulance patients originating on the Leeward Coast past the Waianae Coast Comprehensive Health Care Center (WCCHC) and on to other, more distant, hospital based emergency rooms. This was expressed as being the most important issue to the population of that area.

Your Committee heard testimony in opposition to this bill from the Department of Health and the Hawaii Medical Association. Their primary response was that this was not needed as there is in place an island-wide emergency medical services system (EMSS) which defines the guidelines for non-hospital based facilities more than 30 minutes away from an acute care hospital (such as the Waianae Coast Health Center). Your Committee also received testimony in support for this bill from the medical director of WCCHC and the Representative from this district.

It was stated that 80% of the calls from this area are taken to other acute care centers. There was also agreement that a strong reason behind this recent change in policy was the fear of liability to those physicians responsible for the Medicom (radio contact with the ambulances) direction of the ambulances once they are ready to transport the patients.

Your Committee finds that there should be a strong statement from the Legislature that expresses concern for the protection of those individuals residing in outlying areas. Your Committee also finds that there is an ongoing medical committee working on developing a better set of guidelines which incorporates the non hospital based care facilities into the system. Providing for such a system as a policy in the current EMSS statutes will both give official credence to these guidelines and demonstrate the will of the Legislature that these guidelines be implemented by the Department of Health.

Your Committee has amended the bill by deleting the statement encouraging emergency attendants to deliver patients to non hospital facilities and inserting the statement "Establish guidelines that will incorporate emergency medical facilities and other community resources into the system as appropriate".

Your Committee on Health is in accord with the intent and purpose with H.B. No. 1308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1308, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives M. Ige, Leong and Cavasso.

SCRep. 596 Water, Land Use, Development and Hawaiian Affairs and
Planning, Energy and Environmental Protection on H.B. No.
1849

The purpose of this bill is to prevent the potential contamination of ground water resources with pesticides by prohibiting the mixture of pesticides with water which can occur when a hose is put directly into a tank. Contamination occurs when a sudden loss of pressure at the well-head, or water source, causes siphoning from the pesticide tank.

Your Committee received testimony proposing alternative language to accomplish the goal of preventing water contamination. Your Committee agrees with the proposal made by The College of Tropical Agriculture at the University of Hawaii and has adopted the language contained in the testimony as a substitute for the original language of the bill.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Planning, Energy and Environmental Protection are in accord with the intent and purpose of H.B. No. 1849, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. 1849, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 597 Agriculture on H.B. No. 1467

The purpose of this bill is to designate the Department of Agriculture as the official seed certifying agency for the State of Hawaii, and to add new terms, definitions, and clarifications to Chapter 150 of the Hawaii Revised Statutes.

Your Committee finds that the Federal Seed Act requires the designation of an official seed certifying agency. The term "seed certifying agency" is defined in the Act as an agency authorized under the laws of a state, territory, or possession, to officially certify seeds and which has standards and procedures approved by the U.S. Secretary of Agriculture to assure the genetic purity and identity of the seed certified.

Your Committee also finds that the Department of Agriculture became involved in seed certification during the late 1960's and early 1970's with the influx of seed-producing companies into the State. The department has adopted the standards of the Association of Seed Certifying Agencies (AOSCA) in its administrative rules, authorized under Chapter 150 of the Hawaii Revised Statutes, and is a member of this association.

Your Committee further finds that if seed production in Hawaii increases to a level where our local agricultural industry can support full-time certification activities, consideration should also be given to granting the Department of Agriculture authority to appoint an agent to do the necessary certification work in compliance with established standards.

Your Committee has made the following amendments to H.B. No. 1467:

Section 150-2. Official certifying agency (p. 1, line 15 and p. 2, lines 1-2)

Delete the sentence which reads, "The department shall not be financially responsible for debts incurred, damages inflicted, or contracts broken by, or claims against, any agent designated by it."

Section 150-21. Definitions (p. 3, line 6)

Delete "chairperson" and insert "department" in its place.

Section 150-24. Agricultural seeds; labels (p. 8, line 22)

Delete the word "or" and insert "and" in its place.

Section 150-31. Violations; penalties (p. 16, lines 5-7)

The fines have been amended to reflect the seriousness of the potential environmental and economic costs. A figure of \$100-\$1000 for a first violation, and \$1000-\$5000 for subsequent violations have been determined to be more appropriate for those found to be in violation of this chapter.

The fines are presently \$10-\$100 for a first violation, and \$100-\$500 for subsequent violations.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1467, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1467, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 598 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 223

The purpose of this bill is to provide a consolidated method by which film permits can be processed, so as to encourage the growth of the film industry in the State of Hawaii.

Your Committee is in full accord with the intent and purpose of encouraging commercial filming in Hawaii, seeing this as a positive and non-polluting industry.

Considerable testimony was received in support of the bill but there were reservations expressed as to the details necessary to accomplish the task. Your Committee therefore requested the interested parties to work together and suggest appropriate amendments. As a result of their work in conjunction with the Assistant Majority Leader, a draft was proposed which your Committee finds acceptable and has adopted.

Your Committee has rewritten H.B. No. 223 to provide that the Department of Planning and Economic Development shall coordinate with the appropriate state and county agencies to further the development of the film industry. Suitable authority is reserved for the various government departments, including the Department of Land and Natural Resources, in order to avoid constitutional problems. The draft has been reviewed by the Attorney General's office and found acceptable.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 223, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 599 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 1230

The purpose of this bill is to require a permit from the Board of Land and Natural Resources in order to build a motocross track on private or public property.

Your Committee is concerned that the unregulated construction of a motocross track may adversely affect a neighborhood. However, the Department of Land and Natural Resources presented testimony opposing this measure because the Department already has the necessary mechanism to regulate motocross track use on State lands and lands within the Conservation District boundary; other land should not come under DLNR control.

Counties, which would be expected to have jurisdiction over use of land outside the Conservation District, have reportedly questioned whether or not they have the authority to regulate construction and use of motocross tracks. Therefore, upon further consideration, your Committee has amended the bill to provide the counties with explicit authority to regulate the construction and use of motocross tracks on those lands which are regulated by the counties.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1230, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 600 Water, Land Use, Development and Hawaiian Affairs on H.B.
No. 1562

The purpose of this bill is to provide a method by which a landowner who wants to plant trees or carry out other forest management practices can be assured harvesting will be permitted when the forest crop matures.

Your Committee finds there are justified concerns among landowners that environmental constraints will prevent them from harvesting a timber crop. This concern causes landowners to hesitate to invest in site preparation and tree planting.

Board of Land and Natural Resources (BLNR) acceptance of a management plan and classification of property as a tree farm will provide the landowner some assurance that the BLNR formally recognizes that the property will be managed by the owner as an industrial forest and that harvesting in accordance with the management plan will be permitted by the board. Your Committee has therefore amended this bill to eliminate specific performance requirements as to trees to be planted.

Your Committee recognizes that the counties control taxation of real estate, and all state legislative provisions to dedicate land for special tax purposes are null and void. Your Committee has therefore deleted those sections of the law which refer to exempting tree farms from real property taxes. For the purposes of clarity, your Committee has replaced the term "commercial species" with "native or introduced trees and other forest products".

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the purpose and intent of H.B. No. 1562, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1562, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 601 Judiciary and Consumer Protection and Commerce on H.B. No.
872

The purpose of this bill is to reduce asbestos related hazards by ensuring that only properly trained contractors engage in asbestos related activities. This bill further establishes clear standards for the performance of asbestos related activities and that the safety of individual workers receive the highest priority.

The bill creates a new chapter of the Hawaii Revised Statutes that provides for the licensing of asbestos contractors as provided for by departmental rules. The provisions for licensing shall include such items as examination, employee registration, training, hazardous waste removal, and the completion of continuing education programs, among other items. The bill also imposes criminal penalties for knowingly hindering or delaying the duties of the various departments while implementing this bill. For those contractors possessing a classified specialty license related to asbestos removal (c-68) or a building moving and wrecking contractor (c-24), the bill allows one year from the effective date of the Act to obtain the license.

Your Committee received support for this bill from the Departments of Accounting and General Services, Labor and Industrial Relations, the Contractors License Board and the Hawaiian Electric Company.

Your Committee amended the bill to clarify its language. Your Committee also provided an exemption for licensed contractors who perform installation, maintenance and repair of asbestos pipe or sheets, vinyl asbestos floor materials or asbestos bituminous or resinous material as an incident to the functions for which he holds his license. It is the intent of the Committee that the exemption covers those licensed contractors who frequently make contact with asbestos related activities.

Your Committees on Judiciary and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. 872, as amended herein, and recommend that it pass Second Reading in the form hereto attached as H.B. No. 872, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 602 Judiciary on H.B. No. 1251

The purpose of this bill is to end uncertainty as to the enforceability of pre-

marital agreements in the State of Hawaii, and to bring Hawaii in line with the trend of authority regarding these agreements across the nation.

This bill provides for a premarital agreement if prospective spouses are contemplating marriage. The bill sets out the areas which may be dealt with in such an agreement, and the standards to protect prospective spouses. The bill also validates and makes enforceable agreements entered into prior to the enactment of this Act, since people in Hawaii as well as people from other states have previously executed premarital agreements.

Your Committee believes enforcement of premarital agreements which meet the criteria of this bill will avoid protracted divorce litigation by making the outcome of litigation more predictable and encourage settlement. Prospective spouses however, are not required to make premarital agreements, and may still have all issues in a divorce determined by the Family Court.

Testimony in support of this bill was received from Hawaii Women Lawyers, National Organization for Women, Hawaii State Commission on the Status of Women, Hawaii Nurses Association, Federally Employed Women, Uniform Laws Commission and C. Andrew Englehart, C.P.A. and attorney.

Your Committee has amended the bill by adding a new Section -10. The existing subsection § -10 is now § -11. Section -10 regarding prior agreements is intended to clarify the status of prior agreements as being enforceable under the provisions of this bill. Your Committee emphasizes that this bill is not intended to invalidate an existing agreement otherwise valid or enforceable under the law in effect prior to the effective date of this act. Finally, your Committee points out that this section follows the language of the Virginia statute on premarital agreements.

Your Committee on Judiciary is in accord with the intent and purpose of House Bill 1251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1251, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 603 Judiciary on H.B. No. 1357

The purpose of this bill is to eliminate geothermal subzones and changes to special management area boundaries from contested hearings under Chapter 91, Hawaii Revised Statutes. The bill further allows for the direct appeal to the Supreme Court of any board or county decision by public hearing. The bill also deletes the optional mediation and settlement conference requirement following a contested case hearing. Finally, the bill eliminates the three month extension of the six month time limit for a board's decision caused by holding a contested case hearing following the filing of a completed application.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources and the Office of the Mayor for the County of Hawaii.

Based on the testimony, your Committee produced an amendment whereby a transcript shall be required to establish a record for the direct appeal to the Supreme Court.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1357, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1357, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Shito and Yoshimura.

SCRep. 604 Judiciary on H.B. No. 1710

The purpose of this bill is to raise the value ceiling for small estates from \$3000 to \$20,000; under which a court may appoint the clerk of the court to act as

guardian for the property of a protected person. The bill also raises the upper limit of the estate to \$25,000, at which point the court may appoint a private guardian or retain the clerk.

Your Committee heard testimony in support of the bill from the American Veterans of the Vietnam War, the Disabled American Veterans, and the Judiciary.

Your Committee feels that too large an increase, however, would result in more cases than the courts are currently capable of servicing. With this in mind, your Committee amended the bill to raise the value ceiling to \$8000 and the upper limit to \$13,000.

Your Committee made certain technical, nonsubstantive amendments to correct a typographical error and to degender the present language.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1710, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 605 Consumer Protection and Commerce and Judiciary on H.B. No.
1860

The purpose of this bill is to provide as follows:

1. To authorize a corporation to adopt a provision in its bylaws or articles of incorporation that the corporation may eliminate or limit the personal liability of its agent to the corporation or shareholders from monetary damages for breach of duty to the corporation;
2. To provide a definition for "corporation" and "proceeding";
3. To provide that the indemnification and the advancement of expenses provided shall not be exclusive of any other rights unless otherwise provided that it shall continue as to a person who has ceased to be an agent;
4. To provide that a corporation may indemnify or advance for certain expenses;
5. To provide that a director may be discharged of duties in accordance with the director's good faith business judgment of the best interests of the corporation.

Your Committees have received extensive testimonies from the Business Registration Division of the Department of Commerce and Consumer Affairs, representatives of corporations, insurance companies, attorneys and other interested individuals.

The bill is a response to problems caused by the increased expense, reduced availability and declining coverage of liability insurance for corporate directors and officers. The reduced protection and increased risk of personal liability have made individuals reluctant to serve as directors.

Your Committees intend that indemnification as provided by this bill shall apply only to derivative suits by shareholders or other suits for breach of duty to the corporation, but not suits by third parties.

Furthermore, the term "fines" on page 8, line 18, of the bill includes excise tax assessed on a person with respect to an employee benefit plan. Your Committees note that the excise tax as used in this section shall refer only to those regulated by the Internal Revenue Code and not general excise tax assessed by the State of Hawaii.

Your Committees have amended the bill by clarifying the language of the provision that indemnification shall not apply to conduct that was adjudged fraudulent, dishonest, or knowingly illegal or when an agent had received an improper benefit in money, property, or services.

Your Committees also have made technical, nonsubstantive corrections to the bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H. B. No. 1860, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H. B. No. 1860, H.D.1, and be placed on the calendar for Third Reading.

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

SCRep. 606 Finance on H.B. No. 1759 (Majority)

The purpose of this bill is: (1) to delete the requirement in the tax exemption provided for contract carriers by water that such carriers have a gross weight exceeding 10,000 gross tons, and (2) to amend the description of such carriers as being in the business of transporting persons for tourism or sightseeing purposes to that of transporting persons between harbors or wharves of the various counties for interisland cruises.

The effect of this bill would be to broaden the public service company tax exemption granted to cruise ships, thus making the provision less discriminatory, an objection to the law which had been raised previously.

Your Committee received testimony in support of this bill from a private inter-island cruise company. Said testimony estimated that in this particular case the loss of revenue to the State of Hawaii resulting from this amendment expanding the public service company tax exemption approximately (\$59,000.00) would be offset by taxes on the increased expenditures within the State by this new inter-island tours operation (primarily general excise taxes in excess of \$57,000.00).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1759 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives M. Ige and Leong.
(Representative Isbell did not concur.)

SCRep. 607 Judiciary on H.B. No. 1255

The purpose of this bill is to amend certain sections of the Hawaii Revised Statutes to provide for certification by the Department of Health of psychiatrists, psychologists or qualified physicians as "certified sanity examiners." The bill also requires the appointment of such certified examiners for any criminal responsibility or mental fitness examination.

Currently, psychiatrists and psychologists are appointed to serve on sanity commissions without necessarily being trained or experienced specifically in the area of criminal responsibility. This has on occasion resulted in questionable recommendations and opinions given by mental health professionals.

Favorable testimony was presented by the Department of Health who felt the department is fully capable of implementing a sound certification program.

Your Committee made certain technical, nonsubstantive amendments to correct drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1255, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading as H.B. No. 1255, H.D. 1.

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

SCRep. 608 Judiciary on H.B. No. 427

The purpose of this bill is to amend or repeal various provisions of the Hawaii

Revised Statutes ("HRS") and the Session Laws of Hawaii (hereinafter referred to as "L 19___, Act ___, Section ___"), for the purpose of clarifying language, correcting references, and deleting obsolete or unnecessary provisions. (Unless otherwise indicated, all sections hereinafter mentioned refer to the Hawaii Revised Statutes.)

Section 214(b)(5) of the Hawaiian Homes Commission Act contains a reference to "paragraphs (2), (3), and (4) of this section". Section 214 contains two subsections which have paragraphs numbered (2), (3), and (4). By referring to "paragraphs (2), (3), and (4) of this section", an ambiguous situation is created. It would be unclear which set of paragraphs is being referred to: the set in subsection (a) or the set in subsection (b). From the context of subsection (b), it is clear that the appropriate reference is to paragraphs (2), (3), and (4) of subsection (b). Section 214(b)(5) of the Hawaiian Homes Commission Act is amended to make the correction.

Section 26-35.5(j) contains a reference to Section 478-2. L 1986, Act 137, Section 1, renumbered Section 478-2 as Section 478-3. Section 26-35.5, which contains a reference to Section 478-2, is amended to refer to the renumbered section.

Section 39-34 contains a reference to "the conditions prescribed by Section 39-33 requiring six months to elapse, and the giving of a bond, before the payment of the claims." L 1983, Act 60, Section 4, amended Section 39-33 by deleting the reference to an elapsed time of six months. Section 39-34 is amended to make the correction.

Section 46-4(d) defines, for the purposes of this section, a handicapped person as "a handicapped individual as defined under Section 515-2." Section 515-2 does not contain a definition of a handicapped individual but does contain a definition of "physical handicap". Section 46-4(d) is amended to refer to the correct term defined in Section 515-2.

Section 53-7, contains a reference to "the proviso in clause (1) of the second sentence of Section 53-21." The second sentence of Section 53-21 does contain a proviso but does not contain a clause (1). Section 53-7 is amended to delete the reference to a nonexistent clause (1).

Section 53-84 contains references to words used in paragraph (g) of Section 53-16. Section 53-84(3)(F) refers to the words "real and personal property" as used in paragraph (g) of Section 53-16. In Section 53-16, however, the words are "real or personal property". Section 53-84 is amended to refer to the correct terms as used in paragraph (g) of Section 53-16.

Section 54-11 contains references to the board of supervisors of a county. The Charter Commission of 1958 changed the designation of the legislative body of each county from board of supervisors to county council. Section 54-11 is amended to delete these obsolete references.

Section 77-5 contains a reference to Section 77-13.5. L 1986, Act 156, Section 3, repealed Section 77-13.5. Section 77-5 is should be amended to delete the reference to the repealed section.

Section 77-10 contains references to Sections 77-12 and 77-13.5. L 1986, Act 156, Section 2, repealed Section 77-12, and L 1986, Act 156, Section 3, repealed Section 77-13.5. Section 77-10 is amended to delete the references to repealed sections.

See statutory comment relating to Section 77-10 for the justification supporting this section. Section 77-13(a), which contains a reference to a repealed section, is amended to make the correction.

Section 80-4(b) contains two paragraphs designated (1) and (2). To avoid ambiguity in referring to either of the two paragraphs with the same designation, it is necessary to redesignate the provisions of subsection (b). Section 80-4(b) is amended to make the correction in designations.

Section 85-45 contains a reference to Section 756-2. In a revision note, the revisor of statutes, pursuant to statutory authority, has indicated that Section 756-2 was repealed and that provisions on perjury and related offenses may be found in Sections 710-1060 to 1068. Section 756-2 was repealed and recodified as

Section 710-1060 by L 1972, Act 9, Section 1. Section 85-45, which contains an obsolete reference to Section 756-2, is amended to make the correction.

Section 88-77(a) contains a reference to "the bureau of workers' compensation." L Sp 1959, 2d, Act 1, Section 27, transferred the functions and authority of the bureau of workers' compensation to the then new Department of Labor and Industrial Relations. Section 88-77(a) is amended to delete this obsolete reference to the bureau of workers' compensation.

See the statutory comment relating to Section 88-77 for the justification supporting this section. Section 88-79(a)(1) is amended to delete the obsolete reference to the bureau of workers' compensation.

Section 92-28 contains references to chapters 191 and 192. L 1985, Act 174, section 5, repealed chapter 191. L 1985, Act 174, section 6, repealed chapter 192. Section 92-28, which contains references to repealed chapters, is amended to delete these references.

L 1986, Act 275, Section 1, repealed chapter 187, pertaining to aquatic resources and wildlife. The general provisions relating to aquatic resources and wildlife are presently found in chapters 187A and 183D. L 1985, Act 174, Section 5, repealed chapter 191. The provisions of chapter 191 are presently found in chapter 183D. Section 150A-4, which contains references to the repealed chapters, is amended to refer to the current provisions of chapters 187A and 183D.

L 1986, Act 275, Section 1, repealed chapter 187, pertaining to aquatic resources and wildlife. Section 183D-11 is amended to delete the reference to chapter 187.

L 1986, Act 221, Section 1, amended Section 286-151. One of the amendments divided Section 286-151 into subsections. In the new subsection (b), the words "or drugs" were added to the existing language but the title was not amended to reflect the adding of drugs. The title of Section 286-151 is amended to reflect the language of the section.

L 1986, Act 101, amended Section 294-39(a). The amendment added two paragraphs, designated (1) and (2), to the section's provisions. As a result of the amendment, Section 294-39(a) has two paragraphs designated (1) and two paragraphs designated (2). Section 294-39(a) is amended to eliminate the ambiguity resulting from having different paragraphs of the same subsection numbered the same.

The reference to the College of Tropical Agriculture, University of Hawaii, in Section 304-8.5, is incorrect. The correct designation is the College of Tropical Agriculture and Human Resources, University of Hawaii. Section 304-8.5 is amended to enact this correction.

L 1986, Act 130, Section 2, amended Section 307-2. It appears that a clerical error was made when Section 307-2 was transcribed in House Bill No. 692-86. The words "four years, except that the governor may reduce the terms of" were dropped from a sentence in the first paragraph of the section. Section 307-2 is amended to correct the apparent clerical error.

See statutory comment relating to Section 46-4(d), for the justification supporting this section. Section 321-15.6(b), Hawaii Revised Statutes, is amended to refer to the correct term defined in Section 515-2.

L 1986, Act 179, Section 8, repealed Section 330-7, relating to out-of-state prescriptions. L 1986, Act 179, Section 3, added a new section to chapter 328 concerning out-of-state prescriptions. Section 328-99, which contains a reference to Section 330-7, is amended to refer to the current provisions in Section 328-101.

L 1986, Act 258, Section 3, repealed chapter 205 part II, pertaining to shoreline setbacks. L 1986, Act 258, Section 1, added a new part to chapter 205A concerning shoreline setbacks. Section 343-5(a), which contains a reference to Section 205-31, is amended to refer to the current provisions in Section 205A-41.

L 1986, Act 313, Section 1, added four new sections to chapter 407. One of the new sections, Section 407-61.5, has a subsection (a) but no subsection (b). Since it is technically incorrect to subdivide a section into only one subsection,

Section 407-61.6 is amended to correct this inaccuracy.

L 1986, Act 137, Section 1, renumbered Section 478-4 as Section 478-5. Section 408-16, which contains a reference to the renumbered section, is amended to make the correction.

The word "grantor" in Section 410-15(b)(5) is a misuse of the term and should be "guarantor" in conformance with the provisions of the paragraphs which use the word "guarantor." Section 410-15(b)(5) is amended to make the correction.

L 1984, Act 86, made extensive amendments to chapter 476, which took effect on July 1, 1985. The title of chapter 476 changed from "Retail Installment Sales" to "Credit Sales" and Section 476-1 was amended by substituting a new definition of "credit sales" for "retail installment sales." Section 437-28 is amended to conform to the new terminology of chapter 476.

L 1986, Act 154, Section 2, amended Section 437-28. A comma was incorrectly inserted after the second use of the word "labor" in Section 437-28(a)(22)(D) which creates a redundancy in the sentence. Further, it is clear that the phrase is "labor or production difficulty" not "labor, or production difficulty". Section 437-28(a)(22)(D) is amended to make the correction.

See statutory comment relating to the amendment of Section 437-28 for the justification supporting this section. Section 437-32 is amended to conform to the new terminology of chapter 476.

See statutory comment relating to the amendment of Section 437-34 for the justification supporting this section. Section 437-37 is amended to conform to the new terminology of chapter 476.

Section 445-166(a)(3) makes reference to Section 396-4(b)(4), the provisions of which relating to amusement rides were repealed by L 1980, Act 19, Section 2. L 1980, Act 19, Section 5, transferred the technical inspection and compliance provisions of the Division of Occupational Safety and Health to the Boiler and Elevator Inspection Bureau. The provisions relating to the inspection of amusement rides are now found in Section 397-4(b)(5), added by L 1980, Act 19, part of Section 1. Section 445-166(a)(3) is amended to delete the obsolete reference to Section 396-4(b)(4) and refer to the current provisions of Section 397-4(b)(5).

Section 459-7 contains obsolete references to the United States Office of Education. The United States Office of Education is now referred to as the United States Department of Education. Section 459-7 is amended to make the correction.

L 1986, Act 143, Section 7, amended Section 461-6. Through an apparent clerical error, the words "per cent" were omitted with reference to the National Association of Boards of Pharmacy Licensure Examination score required of applicants. Section 461-6(a) is amended to make this correction.

Section 462A-8 contains a reference to the board of pilot commissioners. L 1985, Act 126, Section 2, repealed Section 462A-2 relating to the board of pilot commissioners. References to the board in Sections 462A-3, 462A-8, and 462A-11 were amended to refer to the Director of Commerce and Consumer Affairs. Section 462A-8(1) is amended to correct the inconsistency.

Section 462A-11 contains an obsolete reference to the board of pilot commissioners. L 1985, Act 126, Section 2, repealed Section 462A-2 relating to the board of pilot commissioners. Subsequent references to the board were changed by L 1985, Act 126, to refer to either the Director of Commerce and Consumer Affairs or the Department of Commerce and Consumer Affairs. From the context of Section 462A-11 it is apparent that the owners, charterers, operators, and agents of vessels referred to as registered with the board should be referred to as registered with the department. The reference in Section 462A-11(1) to the rates "in effect upon passage of this bill" should be amended to reflect the date Section 462A-11 was signed by the Governor. Section 462A-11 is amended to make these corrections.

L 1983, Act 116, Section 2, amended Section 467-9 by deleting the provisions relating to the application fee for issuance of a real estate license. The title of Section 467-9 contains a reference to fees which is no longer appropriate. The title of Section 467-9 is amended to make this correction.

Section 467-11 also contains a reference to the fee provisions of Section 467-9. Section 467-11 is amended to delete the obsolete reference. The section is also divided into subsections to facilitate future amendments and salesman is changed to salesperson.

L 1986, Act 137, Section 1, renumbered Section 478-2 as Section 478-3. Section 467-18 which contains a reference to the renumbered Section 478-2, is amended to refer to the correct section.

Section 468E-6 contains references to the staggered terms of initial appointees. These references are deleted as functus.

Section 477E-2 contains a reference to Section 851-1, Hawaii Revised Statutes. L 1986, Act 314, Section 77, repealed chapter 851 and added a new part to chapter 708 relating to credit card offenses. The provisions of the repealed Section 851-1 appear in Section 708-800. Section 477E-2 is amended to correct the reference.

L 1986, Act 137, Section 1, renumbered Section 478-2 as Section 478-3. Section 484-16 which contains a reference to the renumbered section, is amended to make the correction.

Section 485-14(e) contains two sets of numbered paragraphs. As this creates a potentially ambiguous situation when referencing either set of numbered paragraphs, Section 485-14(e) is amended to clarify the ambiguity.

L 1986, Act 341, Section 1, amended Section 490:1-201. The definition of "holder" contains an apparent grammatical error where Act 341 added the incorrect word "in." Section 490:1-201(20) is amended to make the correction.

L 1986, Act 341, Section 4, amended Section 490:9-304. In typing subsection (2) and (5), textual material was inadvertently omitted. The revisor has included the omitted material within brackets in the Supplement. The textual material in Sections 490:9-304(2) and 490:9-304(5)(b), respectively, are reenacted by this bill.

Section 490:9-402(2) contains a reference to subsection (7) of that section. From the context of subsection (2), it would appear that the correct cross-reference is to subsection (6), relating to a change of name, identity, or corporate structure of the debtor. Section 490:9-402(2) is amended to refer to the correct subsection.

L 1986, Act 246, Section 22, amended Section 501-171, Hawaii Revised Statutes. In the last sentence of the first paragraph of the section, the phrase "residence and post office address" appears. To be consistent with the other uses of this phrase in the section as amended by Act 246, the phrase contained in Section 501-171 is amended to read "residence or post office address" to correct the inconsistency in phrasing.

Section 510-26 contains subsections (a), (b), and (d), but no subsection (c). House Bill No. 13-73 contained the original error. Section 510-26 is amended to designate the last subsection as (c).

Section 514A-47 contains a reference to Section 514A-66. L 1984, Act 58, Section 6, repealed Section 514A-66. Section 514A-47 which contains a reference to the repealed section, is amended to delete this obsolete reference.

Section 514A-89 contains a reference to Section 468B-1. L 1986, Act 19, Section 2, repealed chapter 468B. Section 514A-89 contains a reference to a repealed section, and is amended to delete this obsolete reference and to include the definition of solar energy device previously in the repealed section.

Section 533-16 contains a reference to Sections 533-14 and 533-15. L 1977, Act 144, Section 54, repealed both Sections 533-14 and 533-15. The relevant provisions of these sections were incorporated in Sections 560:2-205 to 560:2-207 by L 1977, Act 144, Sections 5, 6, and 7, respectively. Section 533-16 is amended to delete the obsolete references to repealed sections and to refer to the current provisions of Sections 560:2-205 to 560:2-207.

L 1985, Act 61, enacted the Uniform Trustees' Powers Act ("Model Act"), modeled on a uniform act drafted by the National Conference of Commissioners on

Uniform State Laws. Section 3 of the Model Act, relating to the powers conferred on trustees, includes certain enumerated powers which were amended or deleted in Senate Bill No. 563, S.D. 1, which became L 1986, Act 61. The deletion of provision 3(c)(4) of the Model Act in S.B. No. 563, S.D. 1, caused the remaining provisions in Section 3 (now Section 554A-3) to be renumbered. However, references to the renumbered provisions of Section 3(c) in Section 5(b) (now Section 554A-5(b)) of the Model Act were not corrected by S.B. No. 563, S.D. 1. Section 554A-5 is amended to refer to the correct provisions of Section 554A-3(c).

In Section 560:1-201(50) the definition of "trust" contains a reference to chapter 553 pertaining to the Uniform Gifts to Minors Act. L 1985, Act 91, Section 2, repealed chapter 553, and added a new chapter, designated chapter 553A, relating to the Uniform Transfers to Minors Act. In Section 560:1- 201(50) the definition of "trust" is amended to refer to the current provisions in chapter 553A.

Section 560:3-301(b) contains a reference to Section 560:3-610(c). Section 560:3-610 has not contained a subsection (c) since it was enacted in 1976 as Act 200. From the context of Section 560:3-301(b), it would appear that the reference intended is to Section 560:3-610(b) instead of the nonexistent (c). Section 560:3-301(b) is amended to make this correction.

Section 560:3-302(a) contains a reference to Section 560:1-401(a)(3). Section 560:1-401(a)(3) was repealed by L 1978, Act 113, Section 1 and subsection (a) was rewritten. From the context of Section 560:3-302(a), it would appear that the reference should now be to Section 560:1-401(a)(2). Section 560:3-302(a) is amended to make this correction.

See statutory comment relating to the reference to the nonexistent Section 560:3-610(c) for the justification supporting this section. Section 560:3-308(b) which contains a reference to the nonexistent subsection, is amended to make the correction.

Section 560:3-414(a) contains a reference to Section 560:3-301(1). There is no such designation in that section, and it is apparent from the context of both sections that the appropriate reference is to Section 560:3-301(b)(1). Section 560:3-414(a) is amended to make this correction.

Section 571-2 contains a reference to Section 571-11(2)(D), (E), or (F). L 1983, Act 171, Section 2, amended this section by deleting paragraphs (2)(A) and (2)(B) and renumbering paragraphs (2)(C) to (F) as (2)(A) to (D). Section 571-2 which contains references to the originally numbered paragraphs, is amended to refer to the correct paragraphs. Further, there is no reference to an abused child in Section 571-1(2)(A). That reference was in the original Section 571-11(2)(B) which was repealed. Section 571-2 is corrected to delete the reference to an abused child.

L 1986, Act 172, Section 1, amended Section 571D-1. A clerical error, however, deleted the word "service" from the phrase "private social agency" in the first sentence of the section. Section 571D-1 is amended to make the correction.

Section 573-8 contains a reference to Sections 573-2, 573-6, and 573-7. L 1984, Act 79, Section 2, renumbered Section 573-2 as Section 572-22. Section 1 of said act renumbered Section 573-6 into Section 572-23 and renumbered Section 573-7 into Section 572-24. Section 573-8 which contains references to these renumbered sections, is amended to make the corrections.

Section 622-52(a) contains references to Sections 622-55 and 622-3. Section 622-55 was repealed by L 1980, Act 164, Section 9, and Section 622-3 was repealed by L 1980, Act 164, Section 5. Rule 1001(4), Hawaii Rules of Evidence, enacted by L 1980, Act 164, Section 1, defines as a "duplicate" those means of producing facsimile copies provided for in Section 622-3. No provisions similar to Section 622-55 exist in the Hawaii Rules of Evidence or elsewhere in the Hawaii Revised Statutes. Section 622-52(a) is amended to delete the references to repealed sections, and to refer to the current provisions of Rule 1001(4), Hawaii Rules of Evidence.

Section 622-56(c) contains a reference to Section 622-55. L 1980, Act 164, Section 9, repealed Section 622-55. Section 622-56(c) is amended to delete the reference to the repealed section.

L 1985, Act 68, Section 29, amended Section 634-36 to remove gender specific pronouns. In the first sentence of the section, the word "person" was substituted for the pronoun "he". Within the context of the sentence, however, "person" refers to the antecedent "person authorized to serve process" and "he" refers to the antecedent "defendant". Section 634-36 is amended so that "defendant" is substituted for the term "person" which incorrectly refers to the person authorized to serve process.

Section 669-2(d)(2) contains a reference to "an abstractor licensed in the State". L 1977, Act 70, Section 2, repealed the chapter relating to the licensure of abstract makers. Section 669-2(d)(2) is amended to delete the reference to licensed abstractors.

Section 671-1 contains a reference to "a physician or a physician and surgeon licensed under chapter 460". Chapter 460 relates to osteopathy, and L 1985, Act 197, removed the distinction between an osteopathic physician and an osteopathic physician and surgeon. The reference in Section 671-1 is obsolete and is amended to make the correction.

See statutory comment relating to the amendment of Section 671-1 for the justification supporting this section. Section 671-11 is amended to correct the reference to osteopathic physicians and surgeons.

L 1971, Act 185, created the office of State Public Defender. Section 10 of the then newly enacted chapter provided that the Governor "may contract with a nonprofit organization which, for at least the past five years, has been providing administrative support to lawyers who are duly licensed by the Supreme Court of the State of Hawaii to provide legal services to indigents." The transition provisions are now obsolete, and Section 802-10 is repealed to delete the obsolete provisions.

Section 806-56 contains a reference to "[the] proviso of Section 801-5 relative to fees allowed counsel assigned by the court for a defendant". Section 801-5 was originally numbered Section 705-5. L 1972, Act 9, part of Section 1, renumbered Section 705-5 to its present section number. L 1969, Act 223, Section 8, repealed the provisions relating to fees allowed counsel in the then Section 705-5, and enacted Section 611-5 which contained a new fee schedule. L Sp 1981 1st, Act 22, Section 3, repealed chapter 611 and L Sp 1981 1st, Act 22, Section 1, amended Section 802-5 to include the provisions for compensation to appointed counsel. Section 806-56 which contains a reference to the provisions relative to fees allowed counsel assigned by the court for a defendant, is amended to refer to the current provisions of Section 802-5(b).

L 1986, Act 320, Section 8, specifies the effective date and repeals the Act as of June 30, 1989. Act 320 amends Sections 37-34 to 37-37 of part II, titled "Allotment System", of chapter 37, HRS, entitled "Budget" and Section 37-74 of the Executive Budget Act, which is part IV of the same chapter 37. Chapter 37 applies to all State executive branch agencies. The amendments made by Act 320 added to existing sections special provisions and exceptions to give the University of Hawaii and the Department of Education greater flexibility in budgeting and expending appropriated funds than is given to other state executive branch agencies.

L 1986, Act 321, Section 12, specifies the effective date and repeals the Act as of June 30, 1989. Act 321 added two new sections to chapter 40, HRS, to provide that lapsed appropriations for the University of Hawaii and for the Department of Education be returned to the State treasury, and amended Sections 40-1, 2, 4, 6, 81 and 103-23. The amended sections apply to all State executive branch agencies.

Section 6 of Act 320 and Section 10 of Act 321 requires the Legislative Auditor to review the impact of the Acts on "the quality and effectiveness of the instruction, organized research, public service, academic support, student services, and institutional support program areas, as applicable, at the University and the Department of Education...."

L 1986, Act 342, Section 9, specifies the effective date of the Act and repeals the Act as of September 30, 1991. Act 342, amended Sections 281-1, 281-78, 712-1250.5 and 712-1252 to establish a minimum drinking age of twenty-one. Act 342 also amended Section 294-13 to add a new subsection (n) to provide for a reduction of motor vehicle insurance rates based on the anticipated effects of the

higher drinking age.

A question then arises, whether a repeal of Acts 320, 321, and 342 repeals only the amendments or repeals the entire statute sections, including the amendments.

The legislative histories of Acts 320, 321, and 342 sufficiently indicate the Legislature's intent to impose the time limitations only on the amendments and not on the entire sections. There is no guarantee, however, in the absence of a uniform general rule on the effect of such a time or durational requirement, how the courts will interpret the effect of the repeal of these Acts. Other jurisdictions have conflicting interpretations on the repeal of amendatory acts. There is an absence of controlling case law in Hawaii, and an absence of any interpretive provisions in the Hawaii Revised Statutes. Since the effect of the time or durational requirements may be questioned, the better approach is to clarify legislative intent through another statutory provision. See for example L 1986, Act 344, Section 20.

Acts 320, 321, and 342 are amended to restore on repeal the wording of the affected statutory provisions existing prior to the effective date of these acts.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 427 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Peters.

SCRep. 609 Health on H.B. No. 651

The purpose of this bill, as amended, is to establish a twelve month moratorium on the creation of group living facilities in the Waipahu neighborhood, and to require the Department of Health to develop a statewide plan for the rational dispersion of such facilities.

It is the policy of the State to actively place individuals from institutions into community based group living facilities, primarily in established residential neighborhoods. It is strongly believed that deinstitutionalization provides the most healthy and therapeutic environment for these special individuals. It has become evident however, that these group homes have become concentrated in certain areas on Oahu, principally Kalihi and Waipahu. This disproportional placement of group homes has caused alarm and raised the fears of the residents of these areas.

Your Committee received testimony from many who were in agreement with the problems stemming from too many unlicensed care homes in an area, but strongly opposed any moratorium. These included the Department of Health, the Mental Health Association, Center for Independent Living, Developmental Disabilities Council, the National Association of Social Workers and others. There was also agreement that it is to the benefit of both the individuals who reside in these care facilities as well as the neighborhoods in question that these care homes be regularly monitored and that day care programs, based on the individual's needs, be developed and implemented.

Your Committee also received testimony in support of this bill from both elected and private representatives of the affected community. Their primary concern is that the current process is not working and benefits neither the individuals nor the residents of the affected communities. They stressed as well that a simple moratorium alone would not solve the problems and what is needed was both a strong commitment from the Department of Health and a valid plan to encourage the distribution of facilities throughout the State and the development of both appropriate day programs and an active monitoring system.

Your Committee finds that it is not in the best interest of the State to invoke a moratorium at this time. However, it is important to address the concerns of the residents of these communities. In this light, your Committee has amended the bill by deleting the reference to a moratorium and adding the following provisions:

The Department of Health shall prepare a comprehensive plan for health-related group home facilities. The plan shall include but not be limited to:

- (1) strategies to encourage the distribution of facilities throughout the

State in ways which do not impact unfairly on one geographical area;

- (2) the mandatory monitoring of these programs;
- (3) case management and individual care plans for all residents;
- (4) funding and personnel requirements; and
- (5) mechanisms to resolve complaints and conflicts with communities in which they are located.

The Department shall not approve the issuance of any permits, certificates or licenses for new health-related group home facilities after January 1, 1988 not in conformance with the plan.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 651, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 651, H.D. 2.

Signed by all members of the Committee except Representatives M. Ige, Leong, Peters and Cavasso.

SCRep. 610 Planning, Energy and Environmental Protection on H.B. No. 375

The purpose of this bill is to: authorize the Department of Health to establish interim action levels of for drinking water contaminants for which no federal standards have been established; require the State to establish standards for these contaminants within two years after contamination; and, require the Director of Health and the water suppliers to report the presence of new contaminants in their water systems to the public within seven days of that determination.

Your Committee finds that clear governmental authority to regulate potential contaminants of water resources is an essential prerequisite to initiating timely corrective measures in the event of drinking water contamination. Regardless of whether or not federal guidelines and standards for contaminants in drinking water have been established, clear authority to protect the public from unacceptable exposures to chemical contaminants should be within the jurisdiction of the Department of Health.

Your Committee has amended this bill in accordance with amendments suggested by the Department of Health as follows:

A new SECTION 3 has been added to this bill reinforce the responsibilities of public water suppliers to notify the public concerning water quality conditions within their water systems.

The phrase "and within ninety days" has been deleted from line 14 on page 1 to insure this measure's consistency with the intent of the amendments made to this bill by the Committee on Health.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 375, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 375, H.D. 2.

Signed by all members of the Committee except Representatives Hashimoto, Kanoho and Pfeil.

SCRep. 611 Consumer Protection and Commerce on H.B. No. 211

The purpose of this bill is to authorize medical malpractice policies to be exempt from the requirement that insurers implement a twelve per cent rate reduction for all policies containing commercial liability coverage commencing on October 1, 1987 and a fifteen per cent rate reduction commencing on October 1, 1988.

Act 2 of the First Special Session Laws of 1986 was enacted to address the issues of tort reform and the availability of liability insurance at reasonable rates. It required the commercial liability rate rollbacks for 1987 and 1988.

Your Committee has received testimonies from the Department of Commerce and Consumer Affairs, the Healthcare Association of Hawaii, the Hawaii Medical Association, the Hawaii Academy of Plaintiffs' Attorneys, and the Hawaii Federation of Physicians and Dentists.

Your Committee notes that a physician-owned non-profit insurer should be exempt from the commercial liability rate rollbacks.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 211, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Peters.

SCRep. 612 Consumer Protection and Commerce on H.B. No. 139 (Majority)

The original purpose of this bill is to authorize blight of summons damages for property condemned under chapter 516, which shall be limited to the lease rent due from the date of summons to the date of final judgment.

The purpose of this bill as received by your Committee is to eliminate blight of summons for leasehold lots, and 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, and to provide that the lessee shall continue to pay lease rent payments in accordance with the terms and conditions of the lease.

Your Committee has received testimonies from the Hawaii Housing Authority, the Kamehameha Schools, the Hawaii Association of Realtors, the Hawaii Leaseholders Equity Coalition, the Hawaii Conference Foundation, attorneys, and other interested individuals. Your Committee has considered all their testimonies.

Under present law, the interest on eminent domain awards is five per cent. This interest rate was established in 1937 and has been interpreted to apply to the period between the date a condemnation suit is served and the time that the award is finally paid. This rate of interest or blight of summons is added to the award because the date of valuation of the condemned property is fixed as of the date the suit is served rather than the date the jury determines the value of the property. The five per cent rate is a nominal rate of interest for this delay in the payment of the award.

However, your Committee notes that blight of summons damages have been traditionally a court concept and that there does not appear to be a statutory right. Your Committee, therefore, finds that this is an area of concern that can be addressed by the Legislature.

Accordingly, your Committee has amended the bill by providing that if blight of summons damages are to be awarded by the court, such damages shall be limited to two years from the date of summons.

It is the intent of the Committee to provide direction to the court when it sets to award blight of summons damages and to provide an incentive to all parties to expedite the condemnation process.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 139, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H. B. No. 139, H.D. 2.

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

SCRep. 613 Consumer Protection and Commerce on H.B. No. 1617

The purpose of this bill is to include in the definition of "physical handicap" the acquired immune deficiency syndrome (AIDS) and conditions related to AIDS, including AIDS-Related Complex (ARC) and human immunodeficiency virus infection (HIV). Furthermore, the bill provides that it shall be a discriminatory practice for a person to solicit or require as a condition of a real estate trans-

action that a buyer, renter, or lessee be tested for human immunodeficiency virus infection (HIV), the causative agent of acquired immune deficiency syndrome (AIDS).

Your Committee has received testimony from the Department of Commerce and Consumer Affairs and the Life Foundation in support of this bill.

Your Committee finds that there is a need to provide protection to those persons who suffer from immunodeficiency virus infection and to prevent discriminatory practices against them because safe, decent, and affordable housing is a right to all residents.

However, your Committee feels that it is not necessary to single out a particular class of persons for special coverage. Accordingly, your Committee has amended the bill by deleting Sections 1 and 3 of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1617, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1617, H.D. 1.

Signed by all members of the Committee except Representative Peters.

SCRep. 614 Consumer Protection and Commerce on H.B. No. 897

The purpose of this bill is to amend the Hawaii Revised Statutes to authorize under Chapter 516, the sale of a residential houselot within a development tract to a lessee who does not own a majority interest in fee simple lands suitable for residential purposes within the county and in or reasonably near the lessee's place of business.

Section 516-33, Hawaii Revised Statutes, establishes the requirements for a lessee to qualify for leasehold conversion. One of these requirements forbids ownership of any fee simple lands which are suitable for residential purposes within the county and in or reasonably near the lessee's place of business.

Your Committee finds that this requirement has not been fair and equitable in certain cases. For example, a lessee may own and reside in a leasehold residential home, and yet not be qualified to purchase the fee interest because the lessee owns a partial interest in fee property. Furthermore, your Committee is not convinced that lessees will abuse this provision by circumventing the requirement through the creation of devices such as land trusts to place fee property therein, to conceal the lessee's ownership of fee simple land.

Your Committee believes this bill will loosen the fee simple ownership requirement but will not alter the intent of the Land Reform Act.

Your Committee has amended the bill to correct technical drafting errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 897, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 897, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 615 Consumer Protection and Commerce on H.B. No. 885 (Majority)

The purpose of this bill as received by your Committee is to expand third party coverage to include alcohol, drug, and mental health services provided in licensed and accredited facilities.

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 even deter them from seeking any help. Alcohol, drug, and mental health problems are a societal problem, and if left untreated, will cost the national economy at least \$249 billion.

Your Committee has received testimony from the Department of Health, doctors and other health professionals, representatives from health insurance providers

and other concerned individuals.

Your Committee finds that passage of this bill is consistent with a new emphasis on prevention of disease and with humane treatment for these problems.

However, your Committee has amended the bill as follows:

1. Deleted "on a regular and predetermined schedule to persons suffering from alcohol dependency" from the definitions of "alcohol dependency outpatient services" and "drug dependency outpatient services" because it is understood by your Committee that the peer review will be monitoring this;
2. Included new language in the definition of "mental disorder" to clarify the definition and to allow subsequent versions of the manuals;
3. Replaced "psychiatric facility" with "mental health facility" for purposes of consistency;
4. Substituted "accredited" for "approved" and deleted references to "if a mental health facility" and "if a substance abuse facility" from the definition of "nonhospital facility" since both organizations are developing mental health and substance abuse standards;
5. Deleted "and which must be periodically reviewed by the treatment team" from the definition of "substance abuse services" because the peer review will be accomplishing the necessary review;
6. Deleted references to "treatment services" and removed the reference to section -6 in the policy coverage section for technical purposes.
7. Provided that substance abuse service shall include medical, psychological, nursing, counseling, or therapeutic services to state more clearly the services to be paid under detoxification.
8. Provided that special therapies shall include occupational therapy, recreational therapy, and vocational rehabilitation throughout the bill.
9. Established that an insurance policy may limit the number of treatment episodes but may not limit the number to less than two treatment episodes per adult life.
10. Removed from mental health outpatient services drugs, special therapies, and administration.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 885, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached here to as H.B. No. 885, H.D. 2.

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

SCRep. 616 Judiciary on H.B. No. 680

The purpose of this bill is to protect the public health and welfare of the population by regulating smoking in the office work place, and to minimize the toxic effects of smoking in the work place by requiring an employer to adopt a policy that will accomodate, insofar as possible, the preference of nonsmokers and smokers and, if a reasonable accomodation cannot be reached, to prohibit smoking in the office work place. Determination of "reasonable" is left up to the Director of the Department of Health.

Your Committee heard overwhelming testimony in support of protection of non-smokers in the workplace. From doctors armed with scientific documentation on the adverse health effects of smoking, to non-profit health organizations defending the rights of clients, to workers in the public and private sectors whose poignant stories of ill health and harrassment, the message was clear that the community expects us to do something about smoking in the workplace.

Your Committee received testimony from the American Lung Association, the American Cancer Society, the Hawaii Heart Association explaining a recent state-wide opinion survey. Among the results were that 79.6 percent favored legislation to limit smoking in offices and workplaces, and those who support limits were 65 percent of the smokers surveyed! In addition, 85.7 percent favored a ban on smoking in public places.

Your Committee also heard testimony that average tolerances of tobacco smoke sometimes escalated into medically diagnosed allergies due to over exposure at work. While employers are often sensitive to the computers, which are adversely affected by smoke, they are less interested in people. One estimate is that only one percent of employers have a policy for limiting smoking.

Your Committee has amended the bill as follows:

1. The definition of "employee" has been amended by inserting the phrase "more than 20 hours per week."
2. The definition of "employer" has been amended to cover employers of three or more employees. Also, a person in an individual private office shall not be considered an employee.
3. "Office work place" does not include a private office occupied by one person.
4. If an accomodation satisfactory to all affected employees cannot be reached, then a simple majority of the employees in each affected area shall prevail. If, however the decision of the simple majority is disagreeable to the nonsmokers, a simple majority of all nonsmokers can appeal to the Director of Health for a determination of a reasonable accomodation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 680, as amended herein, and recommends that it pass Third Reading in the form hereto attached as H.B. 680, H.D. 1.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 617 Judiciary on H.B. No. 446 (Majority)

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. Com. Rep. 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 was amended, however, by Your House Committee on Labor and Public Employment 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 received testimony supporting the bill from the ILWU, the Hawaii Nurses Collective Bargaining Association, the Department of Labor and Industrial Relations, the American Civil Liberties Union and the University of Hawaii Professional Assembly. The Health Care Association of Hawaii could not support the current draft. The broad language apparently prohibits preemployment health screening, which affects a health care provider's ability to protect his patients from disease.

To this end, Your Committee amended this bill to specifically prohibit tests conducted to detect the presence of chemical substances in the body. Health care officials can thus conduct applicant or employee tests to determine the existence of disease. Another amendment recognizes the priority of the Hawaii Occupational

Safety and Health Act ("HOSHA").

The clear intent of this legislature, however, is that neither health screening, employment physicals nor any testing allowed by this bill can be used as a guise for random drug testing.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 446, H.D. 1, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 446, H.D. 2.

Signed by all members of the Committee except Representatives Hiraki, Yoshimura and Medeiros.
(Representative Andrews did not concur.)

SCRep. 618 Judiciary on H.B. No. 574

The purpose of this bill is to require the filing of a metes and bounds description, a certified plat map, and a letter of a registered professional surveyor certifying that the description conforms to the plat map, when recording transfer or separate description documents for lots in a subdivision.

The bill addresses the situation where properties are subdivided or consolidated and recorded with the Bureau of Conveyances without receiving the necessary county subdivision approvals. Problems can arise when these "illegally" created lots or parcels are sold and the purchasers discover that they are unable to receive building permits.

Section 502-17 (c) is explicit in requiring that file plans be approved for subdivision in accordance with applicable subdivision laws. The problem appears to be in the recording of transfer or separate description documents. Presently, these documents may be recorded without prior county approvals, provided such documents meet the Bureau's size, format and identification requirements. These documents generally are not accompanied by a plan or map of the proposed transfer. Oftentimes, these written descriptions are then translated on the tax map. The tax map branch does not check to ascertain county authorization of the parcels or lots.

This measure is limited to lots which are presently subdivided. It is not intended to create any hardship on individuals or to impose these requirements on every transaction filed for recordation.

Your Committee believes this measure will help identify illegal lots which do not conform to subdivision standards.

Your Committee amended this bill to clarify and make explicit that the registrar shall accept and file the documents when accompanied by the three requirements noted above. Upon receipt of the documents, the registrar should ensure not only the presence of the three requirements, but more importantly, that the surveyor's letter refers to the same property description and plat map attached to the document presented for recordation. Your Committee further amended this bill to "grandfather" certain parcels by specifically excluding from its requirements those parcels of land existing prior to the effective dates of each county's respective subdivision laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 574, H.D. 1, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 574, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 619 Judiciary on H.B. No. 703

The purpose of this bill is to provide additional remedies and procedures for enforcing the prevailing wage and hour law governing public works in Hawaii.

Under existing laws, enforcement of the Little Davis Bacon Act has been left to the Department of Labor and Industrial Relations and the contracting agencies.

The functions, roles, and resource capabilities of these agencies vary. Accordingly, prompt and consistent enforcement has not been assured.

Your Committee has carefully considered and reviewed the testimony presented and finds there is a need to improve on the existing system of assuring compliance with the substantive protections afforded employees working on public works on the state by providing civil remedies and allowing partial disclosure of payroll records.

Section 1 of the bill authorizes civil actions by employees and their agents or representatives to enforce Chapter 104. A penalty of two times the value of wage benefits, attorneys' fees, and costs of such civil actions will be assessed against any defaulting employer. In appropriate cases, injunctive relief is also allowed.

Section 2 of the bill provided for disclosure of certified copies of payroll to employees, their unions and representatives. An amendment has been made to require a governmental contracting agency to monitor certified copies of payrolls submitted by general contractors. Any detected or suspected violations of 104-2 will be reported by the contracting agency to the Director of Labor and Industrial Relations. The director is also mandated to investigate complaints on a priority basis with a 30 day deadline for the commencement of investigations and the director is further mandated to undertake investigations while work continues on the various projects.

The Departments of Labor and Industrial Relations ("DLIR") and Accounting and General Services ("DAGS") testified in support of this measure. Each department expressed concerns over different portions of the bill. DLIR expressed concern that treatment of each investigative complaint on a priority basis over other labor claims would tax the department. DAGS also testified in favor of limiting access to wage information to three specific entities rather than the entire public library. Further DAGS recommended deletion of the "job site inspector."

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 703, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 703, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 620 Judiciary on H.B. No. 889

The purpose of this bill is to revise Section 325-101, HRS, to allow the Department of Health 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.

Your Committee received testimony in support of the measure from the Department of Health and the Life Foundation.

Your Committee deleted the section which would permit the Department of Health to release confidential information to schools, preschools, and day care centers. Unlike blood banks, organ donor centers, and plasma centers which are medical facilities and which deal with the possibility of transmission of sexually transmitted diseases through body fluid or tissue exchange, there is no such possibility in a school setting.

Your Committee finds that the recent enactment of Section 325-101, HRS, requires that all information relating to sexually transmitted diseases be held in strict confidence and not be subject to subpoena. The revision in this bill will allow 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.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 889, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form hereto attached as H.B. No. 889, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 621 Judiciary 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 Committee heard testimony in support of the measure from the Department of Health, the American Lung Association of Hawaii, the Hawaii Medical Association and the Hawaii Public Health Association.

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.

Concern was expressed by the Healthcare Association of Hawaii that the term health care provider was too broad a term as it applies both to health care professionals as well as health care facilities.

Since the intent was not to include health care facilities but all health care professionals with direct responsibility for patient care, your Committee has amended the bill to define health care professionals.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 378, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 378, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 622 Judiciary on H.B. No. 1484

The purpose of this bill is to bring under control the rental of private residences to groups of unsupervised, unrelated individuals, and to more clearly define types of facilities requiring county licensure and the conditions of such licensure.

In recent years, emotionally and socially disabled individuals have been allowed and encouraged to rent rooms or homes in private residences, on the theory that they are fully competent adults responsible for their own behavior and self-discipline. They live as groups in unsupervised environments, unprotected from the fringes of law and society.

As a result, these disabled persons frequently fall victim to these fringe elements, become disruptive and disturb neighborhood peace and tranquility. Law enforcement efforts have been ineffective in controlling this situation.

Your Committee is in agreement with the clarification and amendments made by your Committees on Human Services and Housing and Community Development. Compelling testimony, however, was given by Catholic charities to delete the section that would prohibit bringing program services to persons in group homes. Your committee feels it is necessary to bring services to these homes to foster and maintain independence and prevent institutionalization.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 1484, H.D.1, as amended herein, and recommends that it pass Third Reading in the form hereto attached as H.B. 1484, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 623 Judiciary on H.B. No. 445 (Majority)

The purpose of this bill is to amend Chapter 394B, Hawaii Revised Statutes, to prevent sudden displacements of workers by unannounced plant closures, partial plant closures, and relocations of business establishments. Worker dislocation is as old and pervasive as technological change itself. Facilities are closed as one

kind of work becomes outdated and another takes its place.

Your Committee reaffirms the original intent and purpose of Chapter 394B as enacted in 1983. Having reviewed and carefully considered more recent historical developments your Committee finds that dislocation appears to be occurring at an ever increasing rate and is 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, 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, increased domestic or foreign competition) which was cited by nearly one-half of the respondents to a study conducted by the Conference Board in 1986. Organizational change (acquisition of a new company, change in production, or distribution technology) was cited by nearly one-third of the study's respondents. Facility characteristics (obsolete plant, unproductive workforce) and community problems (access to raw materials, local taxes) were among other reasons given.

Your Committee received testimony in favor of the intent of the bill from the Department of Labor and Industrial Relations (Department). However, the Department requested that, because early intervention is an effective tool in transitioning dislocated workers to other jobs, the State should also be notified of impending layoffs so that vocational training and other assistance might be provided on a more timely basis.

Upon further review, your Committee has amended the bill to reflect the concerns of the Department by requiring that the Department be notified of impending layoffs within the same time-frame as notification is given the employee.

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

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 445, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 445, H.D. 1.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.
(Representatives Andrews and Hemmings did not concur.)

SCRep. 624 Judiciary 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 (DSSH) 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 DSSH, 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 Department to properly carry out its investigation and will serve to protect vulnerable elderly persons of the community.

Your Committee is concerned, however, that there be an appropriate division of authority and responsibility based on the respective skills and training possessed by the police and DSSH employees. Therefore, your Committee amended the bill to reflect the Committee's intent that the police, not DSSH employees, shall have the power of forcible entry and that the DSSH employees' role shall be limited to investigating complaints of elderly abuse and neglect.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1050, H.D. 1, as amended, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1050, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 625 Judiciary on H.B. No. 459

The purpose of this bill is to define, specify and clarify the duties and responsibilities of the Department of Social Services and Housing 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 testimony from the Hawaii Medical Association, the Hawaii Psychiatric Society, the Hawaii Federation of Physicians and Dentists and numerous individual health care professionals who testified to an apparent lack of due process, and inadequate alternative remedies available to combat fraud prosecution initiated by the Medicaid Fraud Unit. Many of the problems that arise are apparently related to the complexity and vagueness of the Medicaid regulations or due to inadvertent clerical errors.

Your Committee is well aware of numerous well publicized charges of overzealousness on the part of the Medicaid Fraud Unit. At the same time, your Committee found the proposed remedies in H.B. No. 459 inadequate to address appropriate cases for prosecution.

Your Committee finds that a rigorous review of the Medicaid Fraud Unit's existing policies and methods of prosecution is in order. Your Committee further believes that such a review can be completed and new policies and procedures implemented prior to July 1, 1988. Your Committee intends to review revisions made in this area during the next legislative session. If appropriate review cannot be accomplished by the Unit, your Committee is prepared to terminate the Fraud Unit, and transfer its functions to other existing offices established to handle criminal prosecution.

Your Committee amended the provisions of this bill to achieve your Committee's intent.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 459, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 459, H.D. 1.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 626 Judiciary on H.B. No. 421

The purpose of this bill is to increase efficiency in the search of land titles, to reduce the cost of title searches through increased efficiency and to provide for a uniform statewide method of record search based on a parcel identification system.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources.

The Bureau of Conveyances indexes documents for both the regular system under Sections 502-11 to 502-14, HRS, as well as the land court system under Section 501-81, HRS. Your Committee concurs that this bill should cover the land court and the regular system to make the general grantor and grantee indices complete and in compliance with Chapters 501 and 502, HRS.

Your Committee amended this bill to reinstate the section relating to the land court contained in the original bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 421, H.D. 1, as amended, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 421, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 627 Judiciary on H.B. No. 1091

The purpose of this bill is to assure that when prehistoric or historic human remains are discovered, they are protected until examined by an anthropologist. Thereafter, the remains must be reburied on the site, reinterred in another approved site, or placed in an approved facility for curation.

Your Committee finds that the establishment of appropriate procedures to handle the disposition of historic and prehistoric remains provides the Department of Land and Natural Resources with valuable information regarding Hawaiian burial sites. The bill also affords the Office of Hawaiian Affairs the opportunity to insure that ancestral remains are properly interred.

Your Committee heard testimony in support of this bill from the Department of Land and Natural Resources (DLNR), Sierra Club, Office of Hawaiian Affairs (OHA), Land Use Research Foundation of Hawaii, Hawaiian Civic Clubs and Society for Hawaiian Archaeology.

The testimony of the Sierra Club, while in support of the bill, suggested that the language is somewhat confusing in that it blends four steps: assessment, excavation, examination and disposition. Your Committee therefore amended the bill to clarify these steps and extend the reaction time to 48 hours for the neighbor islands.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1091, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1091, H.D. 2.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 628 Judiciary 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 a private licensed medical doctor or psychologist 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, the American Civil Liberties Union of Hawaii, and Hawaii Psychological Association in support of this measure.

Your Committee feels that by explicitly delineating the right of a prisoner to retain a private licensed medical doctor or psychologist, the maintenance of the prisoner's emotional and physical health will be better assured.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 708, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 708, H.D. 1.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 629 Finance on H.B. No. 562

The purpose of this bill is the appropriation of an undesignated amount to be expended by the Department of Education (DOE) for fiscal year 1987-1988 for one permanent general fund position for the Waipahu Cultural Garden Park to be assigned to the Leeward district office.

Your Committee finds that numerous Leeward Oahu students currently take advantage of the many excellent educational activities and historic resources at the Waipahu Cultural Garden Park.

Your Committee has amended this bill to appropriate \$45,000 for an educational coordinator.

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

No. 562, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 562, H.D. 2.

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

SCRep. 630 Finance on H.B. No. 578

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in a total amount not to exceed \$20,000,000 to assist Island Power Company in constructing and operating a hydroelectric power plant and related facilities on the Honolii Stream in Hawaii County.

Your Committee finds that the residents of Hawaii County are dependent primarily on oil-fired and bagasse generation of energy supplied by HELCO. Your Committee supports general state plans to encourage the goal of energy self-sufficiency through alternate energy resource development projects in order to reduce dependence on petroleum-based imports.

Your Committee has made technical, nonsubstantive amendments to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 578, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 578, H.D. 1.

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

SCRep. 631 Finance on H.B. No. 1706

The purpose of this bill is to establish the amount of State grants-in-aid that the counties shall receive for each fiscal year beginning July 1, 1987. In addition, the bill provides that the amount for subsequent years shall be adjusted to reflect changes in the consumer price index.

The bill further provides the following percentages for apportionment of the grants-in-aid: Hawaii County 18.5%; Maui County 17.5%; Honolulu City and County 50.0%; and Kauai County 14.0%.

Your Committee has amended this bill to specify the amount of the grants-in-aid.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1706, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1706, H.D. 2.

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

SCRep. 632 Finance on H.B. No. 1512

The purpose of this bill is to allow the Hawaii Housing Authority (HHA) 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.

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 pro-

grams. 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 finds 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.

Your Committee has amended this bill by making technical, nonsubstantive changes for style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1512, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1512, H.D. 1.

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

SCRep. 633 Finance 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 finds 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 has amended this bill to correct an apparent typographical error.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 999, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 999, H.D. 1.

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

SCRep. 634 Finance on H.B. No. 15

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

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 portion of the room tax to pay the debt service for the construction of a convention center is a wise investment for the future.

Your Committee has specified that forty per cent of the transient accommodations tax be used for the purposes of this Act. Technical, non-substantive amendments have also been made for the purpose of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 15, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 15, H.D. 2.

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

SCRep. 635 Finance on H.B. No. 1227

The purpose of this bill is to provide for a feasibility study exploring various aspects of the space industry. A preliminary report shall be prepared in time for circulation at the international space conference to be held in Hawaii in August 1987, and a more complete report is to be made to the Legislature prior to the convening of the Regular Session of 1988.

Your Committee received testimony from the Department of Planning and Economic Development emphasizing that Hawaii's accessible high mountains, ideal temperature ranges, clear air, geographic isolation, established infrastructure, and its proximity to the equator make Hawaii an ideal location to establish a space technology industry. The development of a broad-based industry of this kind promises job opportunities and diversified economic growth that appears desirable for Hawaii.

Technical, nonsubstantive amendments were made to the bill for purposes of style and clarity.

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

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

SCRep. 636 Finance 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 HRS, chapter 359G, (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 HHA 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 has amended this bill by changing "may" to "shall" in the third sentence of the new section.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1012, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1012, H.D. 1.

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

SCRep. 637 Finance on H.B. No. 369

The purpose of this bill is to clarify and 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 Section 392-25, HRS, and who suffers a disability as provided in Section 392-21, HRS. The measure eliminates a seasonality limitation which has been read to exist under Subsection (b) of Section 392-21, HRS.

Your Committee finds that under existing law, an employee before becoming eligible for temporary disability insurance, must meet a work history and earnings requirement. Anyone who satisfies such a requirement should be entitled to benefits on an equal footing with all other claimants. This bill is intended to

correct an inequitable situation currently in effect where certain employees who are disabled are arbitrarily cut off from benefits in spite of their continuing disability.

The intent of this measure is also consistent with the humanitarian purposes and remedial character of the employee benefit law of Hawaii.

Your Committee has amended this bill to make technical nonsubstantive changes in style.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 369, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 369, H.D. 1.

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

SCRep. 638 Finance 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.

The downtown waterfront area, including the Aloha Tower complex to Fort Armstrong, is an area that can, with proper planning and development, become one of the major attractions for the people of Hawaii and its visitors. Your Committee believes that expanding the Hawaii Community Development Authority to include the development of the Aloha Tower complex will enhance planning and development of the downtown waterfront area.

Your Committee amended the bill by requiring the Hawaii Community Development Authority to first give notice and provide public hearings on the development plan for the Aloha Tower complex before final adoption of the development plan. Your Committee believes that any inconsistency between the development plan and other ordinances and rules on the use, zoning, planning, and development of the land and construction within the Aloha Tower complex should be publicly aired before the development plan is finally adopted.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 11, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 11, H.D. 2.

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

SCRep. 639 Finance on H.B. No. 18

The purpose of this bill as received by your Committee is to require all children who will be six years of age on or before December 31 of the school year to attend a public or private kindergarten.

Your Committee considered the discussion and findings of House Standing Committee Report 35. Your Committee also heard testimony from the Department of Education and Hawaii State Teachers Association who voiced general support of the bill.

Your Committee heard further testimony from the Hawaii Association for the Education of Young Children, concerned parents and educators who opposed the bill on the grounds that parental rights to decide when children should begin the formal education process should not be taken away (denied) by the mandatory language for kindergarten attendance.

Your Committee agrees that mandatory kindergarten is desirable in public schools. Your Committee considered testimony reporting the undesirability of mandating attendance at age five for children born late in the year of for whom emotional, physical, or psychological reasons are not ready for school.

Your Committee finds merit in both mandatory kindergarten and in permitting parents the right to decide that their child should begin formal education later

than five years old.

Your Committee has revised this bill by amending Hawaii Revised Statutes Section 298-4 to:

(1) Delete the proviso which reads: "provided that a child attending a school which convenes after the regular school schedule shall be five years of age on or before one hundred twenty-five days following the date the school convenes and;"

(2) Add a proviso to read: "and provided further that kindergarten attendance shall be mandatory for a child six years of age on or before December of the school year, who has not attended any kindergarten for one school year, except that the teacher may recommend the child for first grade entry."

The section amending Section 298-9, Hawaii Revised Statutes, is deleted from the bill.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 18, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 18, H.D. 2.

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

SCRep. 640 Finance on H.B. No. 1740

The purpose of this bill is to provide an exemption from the requirements for prior approval by the Governor and prior authorization by the Legislature for grants of easements and leases of submerged lands or lands beneath tidal waters for piers, moorings, seawalls, cables, pipelines, and other similar uses.

Your Committee expanded the exemption to include all types of disposition besides reclamation projects.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1740, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1740, H.D. 1.

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

SCRep. 641 Finance on H.B. No. 8

The purpose of this bill is to establish a favorable tax rate for 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 for captive insurance companies. In addition, the bill appropriates \$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.

In 1986, the Legislature enacted 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 agrees that formation of captive insurance companies should be encouraged so that Hawaii can become a more competitive domicile for the captive insurance companies.

Your Committee has amended this bill to set the surplus requirement for captive insurance companies at \$750,000. Other technical, nonsubstantive amendments

were made for purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 8, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 8, H.D. 2.

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

SCRep. 642 Finance on H.B. No. 1500

The purpose of this bill is to establish a training program within the Department of Labor and Industrial Relations to provide pre-employment training or retraining of local workers to meet the specific needs of qualifying businesses expanding or relocating in the State. The bill provides an appropriation of \$250,000 for FY 1987-1988 to initiate and carry out the purposes of the bill.

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.

Your Committee amended the bill by reducing the appropriation amount to \$1.00.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1500, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1500, H.D. 1.

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

SCRep. 643 Finance on H.B. No. 754

The purpose of this bill is to ensure the continuation of the special fund of the Business Registration Division of the Department of Commerce and Consumer Affairs.

The special fund is scheduled to be repealed effective July 1, 1988. Statutory provisions effective July 1, 1987 have been amended to maintain the special fund for the purpose of employing persons under temporary business registration I positions beyond July 1, 1988.

Your Committee has made technical, nonsubstantive changes to correct statutory references in the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 754, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 754, H.D. 2.

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

SCRep. 644 Finance on H.B. No. 1936

The purpose of this bill is to provide for the planning, design and construction of the Waikiki War Memorial Natatorium Restoration through the authorization of general obligation bonds.

Your Committee agrees with the findings of House Standing Committee report 363.

Your Committee has amended Section 2 of the bill to appropriate \$1.00 for plans, design, and construction for the restoration of the Waikiki War Memorial Natatorium.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1936, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1936, H.D. 2.

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

SCRep. 645 Finance 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 agrees with the findings and discussion in House Standing Committee Report No. 223.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 652, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 652, H.D. 2.

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

SCRep. 646 Finance on H.B. No. 953

The purpose of this bill is to amend Chapter 804, HRS, relating to bail and bond to keep the peace by: (1) specifying general conditions for release on bail; (2) adding further special conditions which the court may impose upon a defendant who is released on bail; (3) providing for enhanced sentencing for persons who commit a crime while on bail; (4) adding additional requirements for surety companies who post bail for accused persons.

Your Committee has amended the bill to correct certain typographical, technical, and stylistic errors; no substantive changes were made.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 953, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 953, H.D. 2.

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

SCRep. 647 Finance on H.B. No. 1841

The purpose of this bill is to provide for a second deputy in the Department of Land and Natural Resources.

Your Committee finds that the optimum development and protection of the State's lands, waters, flora and fauna are requiring greatly increased time and effort since the Department of Land and Natural Resources was reorganized in 1962. With Hawaii's rapid growth, the duties of the Department have been much expanded by new requirements and responsibilities.

Your Committee finds that a second deputy will enable the Department to respond to its increased workload.

Your Committee has completely revised this bill to set forth the appropriate provisions in HRS 76-16 to provide the statutory authority for a second deputy in the Department.

The appropriation section from the bill has been deleted as funds for the second deputy will be provided for in the State budget.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1841, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1841, H.D. 2.

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

SCRep. 648 Finance 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 assist Hawaii's farmers in the disposal of unwanted pesticides.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 359, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 359, H.D. 2.

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

SCRep. 649 Finance on H.B. No. 1469

The purpose of this bill is to authorize appropriations for satisfaction of judgments against the State, settlements, the refund of real property taxes and miscellaneous claims as provided by Section 37-77, Hawaii Revised Statutes.

As received, this bill lists forty four claims for payment for a total appropriation of \$9,112,403.72.

Your Committee accepts the recommendation of the Attorney General to include an additional appropriation of \$62,500.00 for the payment of four recent claims upon the condition that supporting documentation in each case is produced.

Your Committee has amended this bill based upon testimony by the Attorney General to reduce by \$8,499.61 the \$147,021.70 refund of taxes due Hawaiian Airlines, Inc.

Your Committee has further amended this bill to list a total of forty-eight claims for payment and appropriates the sum of \$9,166,404.11.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1469, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1469, H.D. 2.

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

SCRep. 650 Finance 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.

Your Committee agrees with the discussion in House Standing Committee Report No. 176.

Your Committee has amended the bill by deleting Section 2 as funds required for the bill have been appropriated into the budget.

Your Committee made other technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1600, H.D. 1, as amended herein, and recommends that it pass Third Read-

ing in the form attached hereto as H.B. No. 1600, H.D. 2.

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

SCRep. 651 Finance 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 recognizes the value of this commission in disseminating to the community information and educational 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 has amended this bill to reduce the proposed period of extension of the commission's existence from eight years to four years. Your Committee has also amended this bill to retain the research functions of the commission.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 140, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 140, H.D. 1.

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

SCRep. 652 Finance on H.B. No. 1481

The purpose of this bill is to repeal Act 112, Session Laws of Hawaii, 1981, and to revise the manner by which the Department of Hawaiian Home Lands ("Department") is to handle payment of the net proceeds whenever a homestead lease is surrendered, cancelled, or terminated. Another purpose is to clarify the language of Section 209 of the Hawaiian Homes Commission Act because of the changes that have been made to that section at various times.

Your Committee finds that Act 112, SLH 1981, has inconsistencies which make implementation of the Act impossible.

This bill would repeal Act 112, SLH 1981, thereby removing the inconsistencies. More importantly, it would modify the method of handling the payment of proceeds for the value of the leasehold interest when a homestead lease is surrendered, cancelled, or terminated. The major change proposed is to allow the Department to use the Hawaii Home General Loan fund to pay the net proceeds on a cancellation, termination, or surrender of lease if the Hawaiian Home Loan Fund does not have available cash to make such payments.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1481, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1481, H.D. 1.

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

SCRep. 653 Finance 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.

Your Committee received testimony indicating that the original estimate for this project was based on incomplete information on the extent of the improvements prior to the assessment of the project's environmental impact. The actual cost of the project, as determined through the required bid process and accepted by the City, has amounted to \$10.5 million, which substantially exceeds the original estimate.

Consequently, the City Council approved necessary supplemental appropriations 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.

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 therefore amended this bill by inserting the sum of \$4,560,000 as the State's share and the sum of \$1,140,000 as the required matching share of the City and County of Honolulu.

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

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

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

SCRep. 654 Finance on H.B. No. 1499

The purpose of this bill is to add to the present exemptions of the civil service laws, not more than twenty positions in the Governor's Office, as may be allocated to the Governor by the General Appropriations Act.

While your Committee agrees that the Governor's Office should be given some flexibility in the recruitment and hiring of individuals for special and unique projects and events, your Committee believes that a provision of general law such as Chapter 76 of the Hawaii Revised Statutes should not have its scope limited by the codification of specific position counts which may vary from fiscal year to fiscal year. Your Committee believes that the purpose of this amendment is only to insure that any authorized staffing flexibility provided to the Governor in various fiscal years by specific or general appropriation acts, will not conflict with provisions of general law. It is generally recognized that a more appropriate vehicle for the specific enumeration of such position counts would be the General Appropriations measure which is reviewed by the Legislature during each regular session.

Accordingly, your Committee has amended the bill by deleting the phrase "not more than twenty" from paragraph 5.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1499, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1499, H.D. 2.

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

SCRep. 655 Finance on H.B. No. 46

The purpose of this bill is to raise from 15 years to 18 years the age at which a person may purchase tobacco products.

According to experts in the health field, the use of tobacco products is the single most important preventable cause of death and illness in the United States. Your Committee believes that this bill will reduce the proportion of tobacco users among young people, who tend to continue their habits into adulthood.

Your Committee amended Section 1 of the bill so that this findings and purpose section more accurately reflects the substance of the bill.

Renumbering amendments were also made to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 46, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 46, H.D. 2.

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

SCRep. 656 Finance 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 Health 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 agrees with the discussion in House Standing Committee Report No. 182.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. 1150, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1150, H.D. 2.

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

SCRep. 657 Finance on H.B. No. 40

The purpose of this Act is to bring about the creation and implementation of a statewide comprehensive risk management plan. To this end it expands the responsibilities of the State Risk Manager to include the collection and analysis of information on accidents and illnesses which lead to claims against the State and the creation of a statewide risk management plan to reduce the number of such incidents. It also establishes a State Commission on Accident Prevention and Risk Management to study the problem of recurring accidents and the cost incurred in Hawaii. The Commission is to consist of thirteen members appointed by the Governor, including State department heads, business and labor representatives, and knowledgeable professionals, who shall draft a statewide risk management plan for presentation to the Governor and Legislature.

Your Committee received the bill with a blank appropriation amount for staff for the State Risk Manager. Your Committee has amended the bill by inserting the figure of \$1 in the space. Your Committee has also corrected technical drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 40, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 40, H.D. 2.

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

SCRep. 658 Finance on H.B. No. 551

The purpose of this bill is to enhance rights of lessees of agricultural lots, to include protection from discrimination, the right to assign a lease under certain circumstances, protection from unconscionable increase in rent, a right of first refusal if the property is sold, and compensation for improvements left behind when a lease term expires.

Your Committees believes that leaseholders deserve greater security, and that this bill will provide needed support for the State's diversified agricultural industry by giving farmers fair and appropriate protection.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 551, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 551, H.D. 2.

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

SCRep. 659 Judiciary on H.B. No. 464

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 pollute 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 the 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 has amended the bill as follows:

1. Amend the definition of "restaurant with a seating capacity of fifty (50) or less;
2. Amend the definition of "retail store" to "retail department store" to make the application of the bill identical with the ordinance applicable to the City and County of Honolulu;
3. Amend the definition of "small business" to mean business establishments that have not more than five employees per established work shift. This is the same as the City and County of Honolulu's ordinance;
4. Delete the requirement that a host or hostess taking phone reservations must inquire as to the smoking preference of the patrons. This imposes an undue burden on the host or hostess.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 464, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 464, H.D. 1.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 660 Finance on H.B. No. 1899

The purpose of this bill is to assist Hawaii's small towns in their efforts toward revitalization and adjustment to the State's evolving economy. Such towns have traditionally depended on the sugar and pineapple industries as major sources of economic support, and with their decline have found themselves at a loss to replace this support.

Upon further consideration, your Committee has amended Section 3 of the bill to appropriate the sum of \$1.00 for each fiscal year of 1987-1988 and 1988-1989 to implement the Main Street Program in Hawaii.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1899, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1899, H.D. 2.

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

SCRep. 661 Finance 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 lesser 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 technical, non-substantive amendments to the bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1062, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1062, H.D. 2.

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

SCRep. 662 Finance on H.B. No. 940

The purpose of this bill is to appropriate funds to promote Hawaii's sister state relationship with Cheju Province in Korea.

Your Committee finds that there is a need for increased interaction and cooperation among the people of the Pacific Rim countries. This bill would provide funds to further the development of this interaction and cooperation between Hawaii and one of her sister states in Asia.

As received by this Committee, the amount to be appropriated was not specified. Your Committee has therefore amended this bill by inserting the sum of \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 940, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 940, H.D. 1.

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

SCRep. 663 Finance on H.B. No. 706

The purpose of this bill is to increase the present \$3.35 minimum hourly wage from \$3.35 per hour to \$4.40 per hour beginning July 1, 1987. In addition, this bill would provide a mechanism for the upward adjustment of the minimum wage on an annual basis.

Your Committee finds that a worker employed full-time at the current minimum wage of \$3.35 an hour (8 hours a day, 40 hours a week, 52 weeks per year) earns \$6,968 per year. The February 1986 Federal Government poverty income criterion for a Hawaii family of four is \$12,650 annually.

Your Committee recognizes that Congress is currently considering the amendment of the current Fair Labor Standards Act (FLSA) and that any increase would cause the minimum wage in Hawaii to be over and above the present FLSA.

Your Committee also recognizes that a substantial increase would be extremely burdensome for some employers, and further finds that minimum wage increases have historically (1) been inflationary; (2) reduced entry level job opportunities; (3) resulted in decreased services to consumers; and (4) contributed to overall wage inflation by producing a "ripple effect" which increased wages across-the-board.

Your Committee agrees that in matters pertaining to wages and hours, the State should eventually follow and conform to the FLSA if amended. For the present, however, your Committee recommends that a reasonable increase is appropriate.

Your Committee has therefore amended this bill to specify that beginning July 1, 1988, the minimum hourly wage shall increase by five percent per year resulting in \$4.45 per hour beginning July 1, 1990.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 706, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 706, H.D. 1.

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

SCRep. 664 Finance 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 the portion of the gross income actually allocated or distributed to and received by the operator of a transient accommodation.

Your Committee is cognizant of the fact that the general excise tax is a privilege tax imposed against persons on account of their business and other activities in the State, and 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 as 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, Session Laws of Hawaii 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 treat-

ment 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 amended this bill to make technical nonsubstantive changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1361, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1361, H.D. 2.

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

SCRep. 665 Finance on H.B. No. 225

The purpose of this bill is to provide for the establishment of a veterans cemetery on Oahu and to place all State Veterans Cemeteries under the Department of Land and Natural Resources (DLNR).

Your Committee 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.

Your Committee believes 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.

Your Committee has amended this bill to appropriate \$1,000 for a State veterans cemetery on Oahu.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 225, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 225, H.D. 2.

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

SCRep. 666 Finance on H.B. No. 892

The purpose of this bill is to repeal the bonding requirements for agents who sell hunting licenses. The bill provides that if agents prepay for licenses, then the fees collected shall be retained by the agents, rather than being remitted to the Department of Land and Natural Resources.

Your Committee finds that bond rates have increased substantially. This creates a situation where the commission realized by the agent of the license sales are minimal and at times less than the cost of the bond. This bill would delete the bonding requirement and encourage the license agents to continue being representatives of the Department of Land and Natural Resources in selling licenses and providing this service to the public.

Your Committee has amended the bill to correct bill drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 892, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 892, H.D. 1.

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

SCRep. 667 Finance on H.B. No. 1494

The purpose of this bill is to provide for the implementation of the Kahana Park Development Plan by allowing the direct leasing of residential lots to qualified

participants in the park's cultural programs.

The Board of Land and Natural Resources (BLNR), together with the Kahana Advisory Council, has ascertained which families qualify for participation in this program.

The proposed bill is substantially based on the Maunalaha and Mololi'i Acts. It provides discretion to BLNR in its implementation. It is understood, for example, that many of the current residents who qualify for participation will have to relocate within the valley. BLNR is allowed flexibility in resiting these future park participants.

Your Committee has amended Section 5 of the bill pursuant to the recommendations of the BLNR by deleting the residents' responsibility for infrastructure costs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1494, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1494, H.D. 2.

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

SCRep. 668 Finance on H.B. No. 737

The purpose of this bill is to provide additional annual funding of \$79,000 to supplement the operational expenses of the Hawaii Wing, Civil Air Patrol. In addition, this bill appropriates \$77,640 for a tsunami warning system and an air cadet program.

Your Committee has made technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 737, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 737, H.D. 2.

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

SCRep. 669 Finance on H.B. No. 1502

The purpose of this bill is to increase the maximum amount of a loan under the capital loan program to \$1,000,000.

The present loan limit of \$250,000 prevents the Department of Planning and Economic Development (DPED) from helping companies attempting to finance expansions requiring more than \$500,000. Since it is difficult to interest banks and venture capitalists in projects of less than five million dollars, a serious problem exists for businesses which need more than half a million dollars but less than five million dollars in order to expand. Many rapidly growing high tech firms face just such a situation.

Your Committee finds that by increasing the maximum amount of a loan to \$1,000,000, DPED will be able to leverage a \$5,000,000 financial package. This flexibility is needed to attract high tech companies to Hawaii.

Your Committee has amended the bill to reflect current statutory language.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1502, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1502, H.D. 2.

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

SCRep. 670 Finance on H.B. No. 748 (Majority)

The purpose of this bill is to appropriate funds for the purchase for Waipio Valley on the Big Island.

Your Committee received testimony from the Department of Land and Natural Resources indicating that if the funds are appropriated, implementation will be considered along with other departmental project priorities.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee has therefore amended this bill by inserting the amount of \$1.00 for the appropriation.

Your Committee on Finance is in accord with the purpose and intent of H.B. No. 748, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 748, H.D. 1.

Signed by all members of the Committee except Representatives M. Ige and Leong.
(Representatives Kanoho and Isbell did not concur.)

SCRep. 671 Finance 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 authorized a tax credit of 1.3177 percent 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 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 revisions of the insurance law and which contains similar provisions of its bill. It is the intent of your Committee that in the event that both of these bills are enacted, H.B. No. 842, H.D. 2, shall control. Your Committee has amended Section 3 of the bill in accordance with this intent.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 842, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 842, H.D. 2.

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

SCRep. 672 Finance 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.

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.

Your Committee has amended this bill by amending the amount of appropriation to \$2 million for fiscal year 1987-1988, for sugar research and development.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 14, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 14, H.D. 2.

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

SCRep. 673 Finance on H.B. No. 150

The purpose of this bill is to revise Chapter 351, Hawaii Revised Statutes, relating to Criminal Injuries Compensation.

The bill adds a new section to Chapter 351 that imposes a twelve month deadline for decisions on applications for payment of compensation. Deleted by this is the provision that the order may issue so long as an "arrest has been made or such act or omission" is "reported" to police. The bill also revises the situations in which the commission may suspend its proceedings to include that time during which a criminal investigation may be compromised.

Chapter 351 also explicitly mentions those crimes whose victims are eligible for compensation. The bill revises the enumerated crimes to include the new murder in the first and second degree and the five sexual assault crimes.

Finally, the bill adds a provision to Section 351-63, relating to recovery from collateral sources, to allow the commission to recommend to the court that the defendant or offender pay restitution to the victim or person receiving compensation as a condition of the sentence. This amendment would allow the commission's order of compensation to offset the court order of restitution for any duplicative awards as outlined in Section 351-33, HRS, by the amount ordered or paid by the defendant to the victim.

As a matter of sentencing, the bill revises Section 706-624 by directing the court to order restitution to either the commission or the State.

Your Committee has amended this bill by making technical, nonsubstantive amendments for style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 150, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 150, H.D. 2.

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

SCRep. 674 Finance on H.B. No. 1365

Briefly, 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.

The following is a short description of the provisions contained in this bill:

(1) Section 1 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.

(2) 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 and the need to enhance its compliance with the 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 of 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) Two new definitions are provided under Section 2 of the bill: "gross rental" or "gross rental proceeds" and "lease", "let", or "rental". "Gross rental" or "gross rental proceeds" incorporated the language of Section 237-3, Hawaii Revised Statutes (general excise tax section). There are 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) an 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) accommodations rented to identifiable groups of individuals, such as kamaainas (only the scheduled rate received and recorded in the books is subject to tax). The definition of "transient accommodations" is amended and the definitions of "gross income" or "gross proceeds" and "transient" have been deleted.

(5) Section 4 of the bill clarifies the exemptions available under the tax. The exemptions 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.

(6) 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.

(7) 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 generally agrees with the intent of this bill.

Your Committee has amended this bill to delete references to boats and vessels which provide living quarters, sleeping or housekeeping accommodations to passengers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1365, H.D. 1, as amended herein, and recommends that it pass Third Read-

ing in the form attached hereto as H.B. No. 1365, H.D. 2.

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

SCRep. 675 Finance 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 concurs with the findings in House Standing Committee Report 185.

Your Committee has amended the bill by:

(1) Amending part (c) of the job training component by changing "shall" to "may" to give the department greater flexibility in dealing with individual circumstances.

(2) In the same part amend "and" to "or" to allow for differing circumstances.

(3) Adding an appropriation of \$1.00.

Other technical, nonsubstantive amendments were also made for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 26, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 26, H.D. 2.

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

SCRep. 676 Finance on H.B. No. 1514

The purpose of this bill is to standardize the shelter allowance for public assistance recipients based on family size, according to what is commonly referred to as the "flat grant." The bill also increases the shelter allowance by ten percent.

The flat grant standard provides for an equitable distribution of welfare benefits by establishing the same benefit amount 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.

Your Committee received testimony indicating that the shelter benefit for those receiving public assistance has remained unchanged for over ten years, even though inflation has risen at a rate of more than 40% during that same period.

Your Committee has also made technical, nonsubstantive amendments to this bill to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1514, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1514, H.D. 2.

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

SCRep. 677 Finance 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). The bill further provides, 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.

This bill will allow the HHA to achieve the best rate possible on projects financed under Section 356-29.

Your Committee has amended Section 2 of the bill to correct typographical errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1795, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1795, H.D. 1.

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

SCRep. 678 Finance 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.

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 Committee believes 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.

Your Committee has amended the bill to provide an appropriation of \$1.00 for fiscal year 1987-1988 and \$1.00 for fiscal year 1988-1989. Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 44, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 44, H.D. 2.

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

SCRep. 679 Finance on H.B. No. 239

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 has amended the bill by deleting the repeal of the funding for the Ocean Awareness Center at Sea Life Park. Your Committee has further amended the bill by changing the appropriation amount for Coconut Island to \$1,000. In addition, technical, nonsubstantive amendments were made for purposes of style and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 239, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 239, H.D. 3.

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

SCRep. 680 Finance on H.B. No. 1776

The purpose of this bill is to authorize the Department of Land and Natural Resources to negotiate long-term leases with certain occupants of State agricultural lands to enable them to improve and utilize the land more productively, thereby contributing to the State's economy.

Your Committee finds that the express intent of this Act is that public lands used for aquaculture, sugarcane, pineapple, dairy, ranching, and other pasture uses are to be excluded from authorization granted the Department of Land and Natural Resources.

Upon further consideration, your Committee has expanded the public lands to which this bill applies by deleting the exclusion of public lands used for aquaculture, sugarcane, pineapple, dairy, ranching, and other pasture uses so that these public lands will also be within the authorization granted the Department of Land and Natural Resources to renegotiate long-term leases.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1776, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1776, H.D. 2.

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

SCRep. 681 Finance on H.B. No. 565

The purpose of this bill is to provide for low interest loans to the residents and citizens of Hawaii who have suffered loss of their homes and lands to the devastating effects of the recent volcanic eruptions.

Your Committee finds the assessed losses from recent lava flows is in excess of \$6,000,000. The true losses to the property owners in terms of replacement value could be much higher. In most cases, insurance did not cover the full cost of replacement. Access roads and utilities are private and the cost of replacement must be borne by the property owners.

These losses were beyond the control of the property owners. In most cases, owners cannot finance reconstruction. These owners need a responsible public relief program with a specific low interest plan for repayment.

Your Committee has made technical, nonsubstantive amendments to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 565, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 565, H.D. 2.

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

SCRep. 682 Finance on H.B. No. 16

The purpose of this bill is to establish a State authority to select a site for a Hawaii International Convention Center. The bill includes provisions for the selection of members, the powers of the authority, and the site selection decision-making process. In addition, the bill provides funds to carry out its purposes.

The establishment of a much needed convention facility for Hawaii has been delayed due to the State's inability to agree on a specific site for the facility. Your Committee finds that the proposed convention authority would be a valuable tool for providing a timely resolution to the highly debated issue of site selection.

As received by your Committee, the amount to be appropriated by this bill was not specified. Your Committee has therefore amended this bill by inserting the

sum of \$1 for fiscal year 1987-1988. Other technical, nonsubstantive amendments were made to correct drafting errors and for the purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 16, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 16, H.D. 2.

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

SCRep. 683 Finance 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 moneys to the funds.

The funds requested in this bill would complement 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 has amended this bill to reduce the appropriated amounts to \$2 and \$1, respectively.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 735, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 735, H.D. 1.

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

SCRep. 684 Finance 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 finds that the CSW engages in numerous programs and activities designated 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 has amended the bill by inserting the figure \$1.00 as the amount to be appropriated.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1555, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1555, H.D. 2.

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

SCRep. 685 Finance on H.B. No. 1482

The purpose of this bill is to require fluoridation of public water supplies in our State for prevention of tooth decay and other dental caries.

Your Committee received testimony in strong support of this bill from the Director of Health, the Dental Health Division of the Department of Health, the U.S. Public Health Service, the National Fluoridation Engineer for the Centers for Disease Control, the State Executive Office on Aging, the State Office of Children and Youth, the Steering Committee for the Governor's Conference on Health Promotion and Disease Prevention, the Hawaii Medical Association, the Hawaii Orthopaedic Association, the American Academy of Pediatrics, the State Health Planning and Development Agency, the State Parent Teacher Student Association,

E Ola Mau, the Honolulu Community Action Program, the Hawaii Dietetic Association, the ILWU Local 142, the Hawaii Dental Association, the Hawaii Dental Hygienists' Association, the Hawaii Public Health Association, the Conservation Council for Hawaii, the Quackery Action Council, as well as many other physicians, dentists, students, teachers, parents and other concerned citizens.

Hawaii's decay rates for children are among the highest in the Nation. Further, local residents spend an average of \$90 per person on dental care, as compared to the national average of \$74. These figures include State costs for dental treatment for welfare recipients which average approximately \$10 million a year.

In Hawaii, the State's one brief experience with fluoridation involved its introduction into the Mauna Loa water supply on Molokai. As a result of fluoridation, dental caries were reduced by 59% in children, a reduction consistent with data from Mainland areas also enjoying the benefits of fluoridation.

Fluoridation has also been proven safe and effective for 120 million Americans, in 41 of the largest 50 cities, including New York, Chicago, Philadelphia, Houston, Detroit, San Francisco, Seattle, Denver, Long Beach, and Oakland. In addition, in the Pacific Area, the territories of Guam and Samoa, and the countries of Hong Kong and Singapore have fluoridated water.

Numerous scientific and medical organizations have studied the issue of fluoridation, and have urged passage of this bill and others like it in other parts of the country. And it is in this regard that your Committee finds that the evidence cited indicating that the fluoridation of public water supplies is safe is overwhelming.

While your Committee received testimony against the bill from several citizen organizations which distrust the conclusions from the scientific and medical community, and which claim that fluoridation is not safe or effective and, while sympathetic to their concerns, your Committee did not find their views convincing or consistent with the best available information and scientific methods.

Your Committee is aware, however, of the keen interest shown in each community on this issue. To allow each person to make their views known and to permit a closer examination of the issue by each county, your Committee has amended the bill to provide each county with the authority to mandate fluoridation of its own water supplies. This must only be done, however, after providing for open discussion with all interested residents within the respective counties.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1482, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1482, H.D. 2.

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

SCRep. 686 Finance on H.B. No. 1326

The purpose of this bill is to encourage the commercial application of new technology by entrepreneurs in Hawaii by providing funding for the Hawaii Invention Development Program revolving fund. The bill also changes the title to Hawaii Innovation Development Program to reflect more clearly the development aims of the program.

Your Committee has amended this bill by deleting the funding appropriation. Your Committee has also made technical, nonsubstantive changes for the purposes of style and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1326, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1326, H.D. 1.

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

SCRep. 687 Finance 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.

Your Committee has amended this bill by reducing the amount of the appropriation to \$1.00.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 581, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 581, H.D. 1.

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

SCRep. 688 Finance on H.B. No. 951

The purpose of this bill is to make uniform the disposition of property forfeited under the criminal laws of Hawaii. In addition, this bill establishes a criminal forfeiture fund into which all forfeitures of money or other property ordered by the courts pursuant to the statutes relating to criminal offenses will be placed. This fund is to be administered by the comptroller.

Your Committee has made some technical, nonsubstantive amendments to the bill to correct drafting errors and for the purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 951, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 951, H.D. 1.

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

SCRep. 689 Judiciary 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 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; and
5. Individual corporate directors, officers and agents bear liability for their authorization of any prohibited acts.

Your Committee received testimony 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.

The Office of Consumer Protection opposed the bill because it infringed on the powers of said office. A private attorney supported the measure to eliminate private unfair trade practice suits.

Your Committee amended the bill to report out certain basic sections, including the individual liability for corporate act. Your Committee, however, chose to hold the balance of the bill for future decisions that may affect the powers of the Office of Consumer Protection.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1857, H.D. 1, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1857, H.D. 2.

Signed by all members of the Committee except Representative Medeiros.

SCRep. 690 Judiciary on H.B. No. 1154

The purpose of this bill is to improve the campaign spending law by tightening certain loopholes in the reporting requirements. At the same time this bill raises fundraising limits excludes certain expenditures, and removes the limit to numbers of fundraisers.

Your Committee supports the provisions regarding the treatment of loans, the registration of late-forming campaign committees, contribution limitations for non-candidate committees, the treatments of contributions by related persons or committees, record-keeping requirements for purchase of durable goods, and the higher limits allowed for candidates who agree to abide by voluntary spending limits.

Your Committee also adopted a provision that would eliminate the requirement that committees report the occupation of each donor who has contributed over \$100.

Common Cause spoke in support of the above provisions but strongly against the following provisions contained in this bill. One provision on page 4 would eliminate information currently available to the public. Such committees should continue to disclose the sources of their funds as well as the recipients of their contributions.

Another provision would reduce the availability of records to the public by reducing the required holding period from five (5) years to two (2) years.

Your Committee also agreed with the testimony and struck another provision that would eliminate current restrictions on the number of fundraisers and would also eliminate the current requirement that such events be publicly disclosed prior to their occurrence.

Your Committee also struck the provision placing restrictions on independent expenditures which have been held unconstitutional.

Also, your Committee struck the provision that would change the basis of setting due dates of various reports from calendar days to working days.

Finally, your Committee also struck the provision would allow certain without regard for contribution limitations.

Your Committee amended the bill to conform to the decisions noted hereinabove.

Your Committee in Judiciary is in accord with the intent and purpose of H.B. No. 1154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1154, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Yoshimura, Hemmings and Jones.

SCRep. 691 Judiciary on H.B. No. 3

The purpose of this bill is to conform the enumerated sections of the Hawaii Penal Code to the recent changes in the numbering and naming of certain statutory crimes. The bill also inserts erroneously omitted language.

This bill amends Section 701-107(1), Hawaii Revised Statutes (hereinafter "HRS") to include the new murder in the first and second degrees and their attempts as crimes within the felony grade (hereinafter collectively referred to as "new murder crimes"). The bill also amends the following sections of the Hawaii Penal Code to include the new murder crimes (unless otherwise noted, all sections hereinafter numbered refer to the HRS):

Section 701-108(1), Relating to Time Limitations (includes prosecution of new murder crimes as commencable at any time);

Section 706-610(1), Relating to Classes of Felonies (excepts the new murder crimes which lack a specification of class, from class C felonies);

Section 707-702(2), Relating to Manslaughter (substitutes new murder crimes for murder where the defense of extreme mental or emotional distress reduces offense to manslaughter); and

Section 706-640(1), Relating to Authorized Fines (includes new murder crimes with class A felonies subject to maximum fine of \$50,000).

With the enactment of the new murder crimes came a separate punishment. This bill clarifies Section 706-656(1), by specifically referring to the Governor as the actor who commutes the life prison term without parole. The bill, however, also adds to Section 706-656(1) and (2) that repeat offenders under Section 706-606.5, shall serve at least the applicable mandatory minimum prison term.

The repeat offender statute receives the most housekeeping revisions under the bill. The new murder crimes under this bill impact on Section 706-606.5 by increasing the mandatory minimum term where murder in the second degree or its attempt is the present or instant conviction. The bill adds ten (10), twenty (20), and thirty (30) year minimum terms where the prior convictions number one, two or three, respectively. The twenty year period within which the mandatory minimum may be imposed for a class A felony is applied to the other new murder crimes.

As concerns prior felonies committed in another jurisdiction or state such as California, the bill adds language clarifying that when these foreign crimes are felonies under the Hawaii Penal Code, (1) they are "prior felonies" within reach of the statute, and (2) the period within which the repeat offender statute applies is the maximum possible prison term of the prior foreign conviction. The present law contains no provisions for such a period.

The bill also makes clear by deletion that the repeat offender statute only needs one felony previous to the felony for which the defendant is sentenced under the statute. The change clarifies the present law which defines a "prior" felony as one felony after a "previous" felony.

Finally, the bill expands the enumerated list of felonies which trigger the statute's application to include four pre-1986 Legislature crimes: Rape in the third degree, sodomy in the third degree, sexual abuse in the first degree and theft in the first degree. The new murder crimes are added to the list, as well as convictions for "attempts" for all classes of felonies.

A recent Hawaii Appellate decision reversed a conviction for sexual abuse because the statute failed to differentiate between clothes over sexual parts of a person. This bill adds both "clothed" and "unclothed" to Section 707-700.

Last but not least, this bill clarifies the recent recodification of the sexual assault crimes, Sections 707-730, -731, and -732, to exempt those doctors who touch the body pursuant to their licensed medical specialty. The bill also adds "sexual contact by strong compulsion" that the Legislature inadvertently omitted from the recodified law.

Under the present law, the defects raised through Appellate cases, or non-integration of the new or recodified crimes into the basic penal principles creates

voids in prosecution of certain offenses and inconsistent sentences.

Your Committee on Judiciary agrees with the amendments contained in this bill and rigorously analyzed its impact.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3, H.D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 692 Judiciary on H.B. No. 1252

The purpose of this bill is to amend Section 831-3.2, HRS, to exempt acquittals by reason of insanity from expungement. The bill also permits arrest records of expunged cases to be made available to law enforcement agencies and the State, when such records may affect State security.

In the case of an acquittal by reason of insanity, by definition the defendant committed the crime. Subsequently, under Chapter 704, HRS, the person is generally remanded to the custody of the Director of Health and, when released, subjected to continuing supervision by the courts through probation officers.

Your Committee believes acquittals by reason of insanity should not be expunged because of the fact that, by definition, the defendant committed the crime and the not guilty verdict does not mean he did not do the crime he is charged with. Your Committee feels these individuals should not be given license to hide their past actions since, depending upon the charges, there may be places where their employment would not be suitable, notwithstanding a court determination that they are not longer dangerous.

Testimony in support of this measure was received from the Honolulu Prosecuting Attorney's Office and the Honolulu Police Department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1252 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 693 Judiciary on H.B. No. 775

The purpose of this bill is to impose mandatory imprisonment for the commission of negligent homicide in the first degree while operating a vehicle under the influence of intoxicating liquor. The bill sets a mandatory minimum term of five (5) years without possibility of parole.

Your Committee received supporting testimony from the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, Mother's Against Drunk Driving and many concerned citizens.

With the recent rash of car related-deaths, your Committee is mindful of the power and perils accompanying our favorite mode of transportation. With the right comes responsibility. In our efforts to enjoy life, we occasionally enjoy too much. One thing leads to another and eventually, we reach recklessness. One too many and our buggy transforms into a weapon. Hence the need for a reminder, a deterrent. A reminder that drinking and driving do not mix. A deterrent for those among us willing to test our wits and our conscience even if the price is another's physical or emotional life.

Your Committee amended this bill to create a new class of offense...negligent homicide caused by driving under the influence of liquor. The amendments make the offense a felony. For causing serious bodily injury with a motor vehicle while driving under the influence of intoxicating liquor, the offense is a misdemeanor. A first offense under the class C felony brings a mandatory sentence of (1) one year. A lesser offense brings a mandatory sentence of six (6) months. The

usual jail/fine penalties are all applicable to these offenses. Additionally, if the sentencing court finds that there are strong mitigating factors, the court may adjust the minimum sentence upon the filing of a written decision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 775, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 775, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura, Jones and Medeiros.

SCRep. 694 Finance on H.B. No. 453

This bill would amend the definition of "firefighter" listed in Section 88-21, Hawaii Revised Statutes, to include employees of the Department of Transportation who were assigned duties at State airports prior to June 3, 1978. This statutory revision would, in effect, extend the retirement benefits currently available to State or county firefighters to the specified State airport personnel.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 453 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 695 Finance on H.B. No. 839

The purpose of this bill is to comply with Article VII, Section 6, of the State of Hawaii Constitution which requires that, whenever the state general fund balance at the close of each of two successive fiscal years exceeds five per cent of general fund revenues for each of the two fiscal years, the legislature shall provide for a tax refund or a tax credit to the taxpayers of the State in the next regular session.

Your Committee has approved a tax credit in the amount of \$1.00 to qualified resident taxpayers of the State. The amount of the credit shall reduce the tax liability of the taxpayers for the 1987 taxable year. If the tax credit exceeds the amount of tax due, or if there is no tax due, the excess amount of the credit shall be paid to the qualified taxpayer. The amount of the credit shall be multiplied by the number of qualified exemptions for the taxable year.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 839 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 696 Finance on H.B. No. 945

The purpose of this bill is to provide funds for research and improvements to support and enhance the tsunami warning system.

As received by this Committee, the amount to be appropriated by the bill was not specified. Your Committee has therefore amended this bill by inserting the sum of \$1 for fiscal year 1987-1988.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 945, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 945, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 697 Health and Finance on H.B. No. 463

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$15 million to finance the expansion and renovation of G.N. Wilcox Memorial Hospital.

Your Committees find that the non-profit G. N. Wilcox Memorial Hospital is the major hospital providing acute care, long-term care, emergency, and other services to the residents of Kauai and Niihau. During the past ten years, the hospital has added new services to offer modern medical care to the community. The hospital has also responded to changing demographic characteristics by expanding its capacity for long-term care to serve the growing elderly population.

A major renovation and construction project has been planned so that the hospital can continue to offer technologically current medical care to the growing Kauai community. This bill will assist the hospital in financing the project, and is expected to save the community \$6 million during the 25 year life of the project.

Your Committees on Health and Finance are in accord with the intent and purpose of H.B. No. 463 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 698 Finance on H.B. No. 1814

The purpose of this bill is to appropriate funds for the purchase of the Lihue Shopping Center so that it may be used by the County of Kauai as a county building.

Your Committee finds that it is necessary for Kauai County to centralize their offices to facilitate their county functions. Without State assistance, the County would be unable to accomplish this.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1814 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 699 Finance on H.B. No. 313

The purpose of this bill is to amend the Hawaii income tax law to remain in conformity with most of the amendments made in the Tax Reform Act of 1986. It also amends the general excise tax law to provide exemption for sales of goods manufactured and produced in Hawaii when they are shipped out of State.

This bill is a tax reform package to provide relief to businesses and individuals. It is designed to shift the tax burden to aid in the development of business and employment, and to lessen the tax load on the low-income groups. In addition, it provides for a food tax credit to all residents.

Your Committee, upon hearing the proposed tax package, carefully reviewed the cost impact and provisions. While your Committee finds that the purpose of the bill is a step in the right direction for the people of the State, there are two aspects of this measure which your Committee is not in agreement. Accordingly, the bill was amended as follows:

1. In Section 1 of the bill pertaining to capital goods excise tax credit, the carryover of excess credit was limited to six years rather than fifteen years.

Although the fifteen year period makes it possible for business to recover all of the excess capital goods excise tax credit, your Committee heard testimony that record keeping of such credits for 15 years would be cumbersome and difficult to audit by the Tax Office. As it was reported that most of the recovery can be attained in 6 years, your Committee modified the

period.

2. In Section 5 of the bill, Chapter 237, HRS, is amended to provide excise tax exemption of certain computer services. This provision is aimed to attract computer software and technical services businesses in Hawaii; however, such exceptions have the potential effect of exempting other kinds of technical businesses. To avoid any future dilemma, your Committee deleted the entire section.

As requested by the Tax Office, your Committee also made necessary corrections to the bill to conform to the Tax Reform Act of 1986.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 313, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 313, H.D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 700 Housing and Community Development on H.B. No. 244

The purpose of this bill is to provide flexibility to the counties 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 and which have adequate public facilities in the area to support such construction.

Your Committee finds that Act 229, Session Laws of Hawaii 1981, more commonly referred to as "ohana zoning" was enacted to assist families to obtain individual living quarters. This innovative regulatory scheme was designed to make optimal use of scarce land resources, provide an immediate and relatively inexpensive means of increasing the supply of affordable housing, and encourage the maintenance of the extended family lifestyle.

Your Committee concurs with the original intent of the law, but recognizes that there may be situations where the counties need additional flexibility to meet the unique needs and concerns of local communities. Although this bill would authorize, rather than mandate, the counties to allow construction of second dwellings, it is the intention of your Committee that the counties still continue to permit the construction of "ohana dwellings", under the applicable zoning standards.

Your Committee received testimony from the Department of Land Utilization, City and County of Honolulu; the County Council, County of Maui, the Office of the Mayor, County of Maui, the County Council of Kauai, and others in support of this bill.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 244 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives M. Ige, Leong, Shon and Cavasso.

SCRep. 701 Education on H.B. No. 296

The purpose of this bill is to clarify that a tuberculin test is required for every child prior to school entry.

Currently, there is some confusion regarding when tuberculin testing is required since Section 298-42, Hawaii Revised Statutes, requires tuberculin testing prior to school entry, but Section 298-49, Hawaii Revised Statutes, refers to tuberculin testing in conjunction with immunizations and physical examination which must be completed within three months of school entry.

Your Committee believes that Section 298-49, Hawaii Revised Statutes, was enacted to address the issue of noncompliance with the provisional entry requirements for immunizations and physical examination, and therefore should not include references to the pre-admission requirement for tuberculin testing.

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

No. 296 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 702 Transportation on H.B. No. 540

The purpose of this bill is to establish a separate category of ocean vessels known as "thrill craft", and to allow the Department of Transportation to adopt rules for the use and operation of these vessels. In addition, this bill requires that operators of these vessels must be at least 15 years of age.

Complaints about the operation of jet skis and similar "thrill craft" have been increasing over the years. The Department of Transportation, however, has been hampered in their enforcement and control efforts due to the current classification of these vessels as motor boats. Without a separate clarification for jet skis and other "thrill craft", rules and regulations restricting the operation, and the areas permitted for operation, of these vessels cannot be established.

The Department of Transportation testified in favor of this bill as it will enable them to address the conflicts arising from the operation of "thrill craft" in many parts of the State. The Department strongly endorses a minimum age requirement of 15 years to operate a "thrill craft", based on the present age requirement to obtain a motor vehicle driver's license.

Your Committee finds that the recent death caused by a six-year-old jet ski operator indicates the critical need for legislation to facilitate the establishment and enforcement of rules and regulations, including a minimum age requirement for operators.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 540 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 703 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 and state interference in the private marketplace. There are many others however, including those in the health market, who believe strongly that SHPDA can play a positive role and can continue to make a valuable contribution to the health status of Hawaii's population.

The purpose of H.B. No. 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 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 on Health is in accord with the intent and purpose of H.B. No. 1025, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives M. Ige, Leong, Peters and Cavasso.

SCRep. 704 Labor and Public Employment 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 Committee finds 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 Program of the Department of Planning and Economic Development. The implementation of this Act has resulted in substantial benefits to applicants that use the procedure. It has improved coordination among regulatory agencies participating in the pre-application meetings.

Applicants are provided an overview of the permits and approvals that are required, including permit time frames, agency concerns and information requirements. Opportunities for concurrent permit processing, joint public hearings, and other streamlining measures are identified. Your Committee finds that the extension of this Act would benefit all parties involved in permit processing.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 1029, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Horita and Tungpalan.

SCRep. 705 Intergovernmental Relations 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 on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 1619, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine and Yoshimura.

SCRep. 706 Consumer Protection and Commerce on H.B. No. 178

The purpose of this bill is to require individual and group health insurance policies and individual and group hospital or medical service plan contracts which provide pregnancy related benefits to allow a one-time only benefit for all out-patient expenses arising from in vitro fertilization procedures performed on the insured or the insured's dependent spouse.

Your Committee has received testimony from the Department of Obstetrics and Gynecology of the John A. Burns School of Medicine, the Pacific In Vitro Fertilization Institute, the Hawaii Medical Association, the Hawaii Medical Service Association, and several concerned individuals.

Your Committee finds that infertility is a significant problem for many people in Hawaii, and that this bill will encourage appropriate medical care. This bill will benefit approximately 100 married couples per year who have in vitro fertilization as their only hope to have children.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 178 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 707 Consumer Protection and Commerce on H.B. No. 391

The purpose of this bill as received by your Committee is to exclude from the one parking stall requirement for each unit developed in a condominium project the housing projects under the Hawaii Housing Authority and the development projects by the Hawaii Community Development Authority.

Your Committee on Consumer Protection and Commerce concurs with the findings and conclusions of your Committee on Housing and Community Development in Standing Committee Report No. 78-87.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 391, H. D.1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Hagino.

SCRep. 708 Consumer Protection and Commerce on H.B. No. 882

The purpose of this bill as received by your Committee is to amend the statutes to eliminate the requirement of a ten-day shelf-life for fluid processed milk.

Testimony indicated that this is a "housekeeping" measure. The requirement was challenged in United States District Court and the court issued a permanent injunction against the law on constitutional grounds. The law is now unenforceable.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 882 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Hagino.

SCRep. 709 Consumer Protection and Commerce on H.B. No. 883

The purpose of this bill is to repeal the provision which requires a person to obtain a poison permit from the Department of Health before the person may obtain a license from the county to sell poisonous drugs and household remedies and rodent, insect, or weed destroyers.

Currently, a person who wants to obtain a license from the county must first obtain a permit from the State and pay a minimal fee. This mechanism requires a great deal of work on the part of the Department of Health while accomplishing little.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 883 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Hagino.

SCRep. 710 Consumer Protection and Commerce on H.B. No. 1587
(Majority)

The purpose of this bill is to authorize payment for permanent partial disability in the amount equal to the effective maximum weekly benefit rate multiplied by the number of weeks as provided by a schedule. The bill deletes the provision allowing payment in the rate of sixty-six and two-thirds per cent of the worker's average weekly wages subject to certain limitations.

Your Committee has received testimony from the Department of Labor, the United Public Workers, the Hawaii Insurers Council, the Chamber of Commerce of Hawaii, the Hawaii Independent Insurance Agents Association, the Hawaii Insurance Rating Bureau, Inc., Small Business Hawaii, and interested individuals.

Your Committee finds that the bill will provide equality of awards. There is no reason why a higher paid worker should receive a higher payment than another worker who suffers a similar injury.

Your Committee also notes that under present law, there are two categories for

permanent partial disability. One category provides payment according to scheduled losses where there is a permanent loss of function in the different extremities or parts of the body. The other category lists non-scheduled losses which are determined on the whole person basis. When a worker suffers a non-scheduled loss, the amount of payment is not determined by the level of wages. On the other hand, for a worker who suffers a scheduled loss, the amount of payment depends upon the level of wages. It is your Committee's intent that this bill afford a greater equality of awards.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1587 and recommends that it pass Third Reading.

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

SCRep. 711 Judiciary on H.B. No. 5 (Majority)

The purpose of this bill 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 finds this measure to be wholly reasonable. It simply provides an employee with a basis for going to court to seek an injunction or other redress for unfair retaliation. The bill also guards against the making of knowingly false reports of violations of law, does not diminish or impair rights under collective bargaining agreements, and protects information that is confidential either by statute or common law. The bill protects private sector as well as public sector employees. The presence of a civil fine not to exceed \$500 per violation will, the State Ethics Commission believes, deter those who might otherwise retaliate against employees.

Along with the federal government, about twenty other states have protections in place to prevent adverse action arising when employees report violations of the law to government agencies. Your Committee believes that Hawaii can benefit from similar protections and that such protections will lead to a better environment for workers and would assist agencies like the Ethics Commission who are charged with the enforcement of various statutes.

Your Committee has reviewed and carefully considered this measure in the context of existing common law and statutory protections afforded the whistleblower and concurs with the amendments made by your Committee on Labor and Public Employment.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 5, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 712 Judiciary 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 and supports the amendments made by your Committee on Water, Land Use, Development, and Hawaiian Affairs to better balance the equities involved and the constitutional questions raised.

1. The bill was 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.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 37, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Hayes, Peters, Takamine, Jones and Medeiros.

SCRep. 713 Judiciary 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, the Legislature finds that this employment practice should be prohibited.

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

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 714 Judiciary on H.B. No. 132

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

Your Committee received favorable testimony on this measure from the Department of Civil Service, City and County of Honolulu.

Your Committee finds that there is no basis to continue an exemption for a residency requirement based on a person's change in marital status.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 132 and recommends that it pass Third Reading.

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

SCRep. 715 Judiciary on H.B. No. 198

The purpose of this bill is to amend Section 286-52, HRS, to provide relief from civil and criminal liability to sellers of motor vehicles when the ownership of a vehicle is transferred to the purchaser pursuant to a contract of sale; and the seller is in receipt of proof that the purchaser's insurance policy covers the vehicle.

The current statute leaves room for debate as to the exact point in time at which liability passes from the seller to the purchaser of a motor vehicle. H.B. No. 198 proposes to clarify the statute by setting in place certain requirements which would specify the point at which the seller is relieved of any civil or criminal liability.

A representative of the Hawaii Automobile Dealers' Association appeared to testify in support of this bill.

Your Committee on Transportation amended Section (j) of the bill to retain the present section of the statute which allows the County Director of Finance to accept the notice of transfer without a notarized or other proper affidavit attached thereto.

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

198, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 716 Judiciary on H.B. No. 233

The purpose of this bill is to amend Section 349-C-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.

Testimony in support of the measure was received from the Department of Social Services and Housing (DSSH) and the Honolulu Prosecuting Attorney's Victim/Witness Kokua Program.

DSSH is required under Chapter 349C, HRS, to take action upon receiving reports of elderly abuse and neglect. They are frequently required to make important decisions in a very short period of time in order to protect, and in the interest of abused, neglected or financially exploited elderly persons. As these decisions entail a degree of personal risk it is essential for the morale and well being of the workers that they be assured of a certain basic level of protection so they can perform their duties without fear of retaliatory prosecution.

Your Committee wishes to reiterate that this bill in no way protects intentional or grossly negligent conduct, but would protect actions taken in a good faith effort to carry out their duties.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 233 and recommends that it pass Third Reading.

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

SCRep. 717 Judiciary 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.

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.

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.

Your Committee on Judiciary notes that some concern was expressed at your Education Committee's hearing on this measure regarding the possibility that a five year sentence may be imposed for a de minimus offense. Your Committee notes that under Section 702-236, HRS, the court has the authority to dismiss a prosecution where it finds the offense to be a de minimus infraction.

Your Committee further finds that under the provisions of Chapter 706, HRS, the court has a wide range of sentencing alternatives to impose upon those con-

victed of a class C felony. These alternatives run the gamut from suspension of sentence to incarceration. Your Committee believes that the courts are capable of imposing sentences commensurate with the crime committed by one convicted under the provisions of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 272, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shito and Yoshimura.

SCRep. 718 Judiciary 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, by making this offense a class C felony.

At the present time, educational workers are required by Section 296-71, HRS, to report certain suspected or actual violations of law to appropriate authorities.

Your Committee recognizes that the obligation to report crime-related incidents places a special burden on educational workers, and there is a need to provide an added deterrent against physical attack from persons who may wish to retaliate against them.

Your Committee concurs with the amendments made by your Committee on Education and finds that the enactment of this measure would further the Legislature's intent or providing a safe school climate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 273, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shito and Yoshimura.

SCRep. 719 Judiciary 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 believes that the arbitration forum provides a meaningful institutional alternative to minimize public expense caused by delayed decision-making. For breaches of the duty of fair representation, this measure requires that 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 your 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.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 370 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 720 Judiciary on H.B. No. 380

The purpose of this bill is to establish an administrative appeals process whereby any person or agency other than the agency which prepared an environmental assessment, may appeal a determination that a statement is or is not required to the State Environmental Council ("Council").

Testimony was received in support of this measure from the State Environmental Council, the Sierra Club of Hawaii, the American Lung Association and private individuals.

Currently, Chapter 343 does not provide specific language for administrative appeals of agency determinations regarding the need for an environmental impact statement. The Council, however, has on occasion taken action on appeals of agency decisions in regard to whether an environmental impact statement is required. The absence of specific language concerning such appeals raised questions as to the extent to which the Council can act. The only legal recourse to appeal such decisions is to go to court. This imposes an undue burden both on the court and the party appealing the agency's determination. Your Committee, therefore, feels that parties appealing an agency determination should be first afforded the opportunity of filing an administrative appeal with the Environmental Council.

Your Committee on Judiciary is in accord with the amendment of your Committee on Planning, Energy, and Environmental Protection for the Council to issue its decision within 30 days of the receipt of an appeal, thereby ensuring that the appeals process will be completed within the 60 day period provided in Section 343-7(b), HRS.

Concern was expressed by Hawaiian Electric Company that this bill would allow the filing of frivolous appeals designed not to challenge the adequacy of the environmental review process but to delay and harass project proponents into abandoning their project. Your Committee believes, however, that the time and cost savings of the optional administrative appeal offsets the possibility of frivolous suits filed. The Environmental Council testified that they were capable of handling and expediting such an appeal process.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 380, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 721 Judiciary 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 Committee reviewed and carefully considered testimony regarding rate making for workers' compensation, and finds 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.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 441, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 722 Judiciary 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 Section 142-68 Fine for continued trespassing by animals, and to repeal Section 142-67 Swine, goats to be confined.

Your Committee heard testimony in support of the amendments from the Departments of Agriculture. Swine and goats are species which have been known to trespass. The repeal of Section 142-68 would no longer permit the killing of swine and goats which may inadvertently trespass through no fault of the owner.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 455, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 723 Judiciary 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, HRS, for which penalties were inadvertently omitted.

This bill is a housekeeping 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 Judiciary is in accord with the intent and purpose of H.B. No. 529, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shito and Yoshimura.

SCRep. 724 Judiciary on H.B. No. 530

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

Your Committee notes 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. Also, non-biodegradable fish net and fish line entrap fish, turtles, seals and birds, creating a serious environmental problem.

Your Committee finds that despite enforcement difficulties, the deterrent value of H.B. No. 530 warrants its passage.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 530 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shito and Yoshimura.

SCRep. 725 Judiciary 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.

Testimony in support of the bill was heard from the Board of Agriculture stating 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 Judiciary is in accord with the intent and purpose of H.B. No. 876 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 726 Judiciary 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 willful obstruction of these investigations.

At present, the law lists twenty-six rights which are granted to patients in psychiatric facilities. 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 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 Judiciary is in accord with the intent and purpose of H.B. No. 890 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 727 Judiciary 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.

After receiving strong testimony from the Department of Health, your Committee concurs the amendments made by your Committee on Planning, Energy and Environmental Protection to strengthen the sanctions and penalties for violation of Part III of Chapter 342, HRS, relating to water pollution.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1209, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 728 Judiciary on H.B. No. 1246

The purpose of this bill is to provide that no cease and desist order of the Insurance Commissioner, or order of the court to enforce it, shall relieve or absolve in any way, any person affected by the order from any other liability, penalty, or forfeiture under law.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of the bill.

In 1983, the Legislature enacted language relating to unfair methods of competition and unfair and deceptive acts and practices in the insurance industry which was adopted by the National Association of Insurance Commissioners (NAIC) as the model act. Your Committee notes that the language contained in this bill has been deleted from the proposed model act.

The current administrative procedure for cease and desist orders by the Insurance Commissioner are inadequate and do not afford compensation to the individual damaged by the insurance carrier's unfair claim settlement practices. Therefore, your Committee on Judiciary agrees with your Committee on Consumer Protection and Commerce in emphasizing its accord with the provisions of this bill clarifying that the cease and desist order is not the exclusive remedy.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1246, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Hayes, Peters, Takamine, Jones and Medeiros.

SCRep. 729 Judiciary on H.B. No. 1486

The purpose of this bill is to add new sections and make several amendments to existing sections of Chapter 340E, HRS, relating to safe drinking water, to strengthen the State's safe drinking water law and to bring it into compliance with the Federal Safe Drinking Water Act.

This bill imposes a ban on the introduction of leaded products into the distribution systems of public water systems, expands penalties for tampering and provides for expanded inspection authority. In doing so, the bill enables the State program to meet requirements of the U.S. Environmental Protection Agency for primary enforcement authority delegation and funding.

The Department of Health and the Environmental Center at the University of Hawaii at Manoa submitted testimony in support of this measure, expressing a strong belief that the provision of the bill are necessary for the effective administration of the safe drinking water regulations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1486, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 730 Judiciary on H.B. No. 1487

The purpose of this bill is to amend Chapter 329, Hawaii Revised Statutes to: (1) conform the State's schedules of controlled substances with federal law; (2) provide for the forfeiture of any vehicle used in the distribution of controlled substances; and (3) provide for the forfeiture of real property obtained from illegal activity involving controlled substances.

Your Committee believes that this bill will assist efforts to combat the increasingly sophisticated illegal distribution networks for controlled substances. New drugs are continuously designed and manufactured specifically for the purpose of circumventing anti-drug laws, and therefore efforts must continually be made to update legal provisions to prevent or stymie their distribution. The addition of synthetic "Dronabinol" encapsulated, "Midazolam", "Tiletamine", "Zolazepam" and "Quazepam" to the State's schedules of controlled substances serves to keep State laws current.

The second proposed statutory amendment would clarify that any aircraft, vessels or vehicles used in the sale, receipt or distribution of controlled substances would be the subject to forfeiture and subsequent legal disposition.

The third, and perhaps most noteworthy statutory amendment according to the Department of Health, involves seizures of real property by State and county narcotic investigators. At the present time, these types of cases are being prosecuted in federal court since existing State law does not permit the forfeiture of real property. As a result, the federal government is the recipient of any property forfeited. This bill will allow the State to seize real property obtained through illicit practices, and be the recipient of assets realized through sale or other dispositions.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1487 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 731 Judiciary on H.B. No. 1504

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. Court appeals are 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.

Your Committee recognizes the need to reduce unnecessary and unwarranted time delays and attendant costs of development in the shoreline area, while providing an adequate opportunity for the fair and impartial evaluation of contested cases.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1504 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 732 Judiciary on H.B. No. 1510

The purpose of this bill 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 license 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 of 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, the Department of the Prosecuting Attorney and the Office of Children and Youth 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 on Judiciary is in accord with the intent and purpose of H.B. No. 1510, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Shito, Jones and Medeiros.

SCRep. 733 Judiciary on H.B. No. 1856

The purpose of this bill is to amend Chapter 468K-5, HRS, by establishing procedures by which recovery from the travel agency recovery fund may be pursued within six (6) years after accrual of the claim, where the recovery is based on a consent judgment; requiring periodic renewal of registration for travel agencies and sales representatives; and conferring specific powers and duties on the director of the Department of Commerce and Consumer Affairs, to carry out the function and purposes of Chapter 468K.

Current law provides a recovery from the travel agency fund for a judgment from a lawsuit, but does not address a recovery based upon a consent judgment.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of this bill. A recent court decision limited recovery from the fund to a judgment from a lawsuit. The department also testified that biennial renewal of registration is necessary to keep the department records current.

Your Committee finds that this bill will provide greater safeguards to consumers who utilize travel agencies and create more efficient administration of travel agencies by the Department of Commerce and Consumer Affairs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1856, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 734 Finance 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 Committee finds 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 Committee on Finance is in accord with the intent and purpose of H.B. No. 383 and recommends that it pass Third Reading.

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

SCRep. 735 Finance on H.B. No. 563

The purpose of this bill is to make public lands available for Hawaii's residents who were dispossessed or displaced from their homes as a result of the recent volcanic eruptions on the Island of Hawaii which began on January 3, 1983. This bill also establishes a "special land development fund" including an appropriation for \$1,500,000.

Testimony presented to your Committee expressed the need for a mechanism to assist many of Hawaii's residents who have sustained substantial and devastating losses as a result of the recent volcanic eruptions. Some of these residents may

still experience dispossession or displacement from their homes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 563, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 736 Finance on H.B. No. 1138

The purpose of this bill is to establish powers and duties of the Board of Land and Natural Resources with respect to dam safety. This bill provides for the inspection and regulation of construction, operation, and removal of certain dams in order to protect the health, safety and welfare of the citizens of the State by reducing the risk of failure of such dams. This bill would establish a dam safety inspection program in Hawaii.

Your Committee finds that the inspection and regulation of construction, operation, and removal of certain dams are properly a matter of regulation under the police powers of the State.

Your Committee further finds that Hawaii is one of only three States in the nation without any dam safety legislation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1138 and recommends that it pass Third Reading.

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

SCRep. 737 Finance 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. Your Committee agrees that the Department of Social Services and Housing be directed to develop the community service and juvenile parole service of the HYCF as programs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1327 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 738 Finance on H.B. No. 736

The purpose of this bill is to establish a comprehensive regulatory framework for permitting foreign bank operations and to establish a temporary commission for promoting international banking in Hawaii.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 736, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 739 Finance on H.B. No. 1524

The purpose of this bill is to amend the insurance laws of Hawaii.

In 1985, the Hawaii Legislature provided funds to the Insurance Commissioner for a comprehensive review of the State's insurance laws. This bill is part of a triad of insurance legislation being proposed as a result of that comprehensive review.

This bill addresses the changes made by the recodification of the insurance laws to the monetary provisions. H.B. No. 1524, H.D. 2, updates the financial requirements for insurance companies authorized to transact insurance in Hawaii. In addition, the bill proposes to raise the required liability coverage for motorcycles from \$25,000 to \$35,000, conforming the motorcycle liability coverage to the amount currently required under the no-fault law.

H.B. No. 1524, H.D. 2, also provides for liberalized investment opportunities for domestic insurers and a tax credit for Hawaii's domestic insurers which pay a "privilege of doing business" tax in other states by reason of being a non-domiciliary insurer.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1524, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 740 Finance 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.

Your Committee finds that the functions, duties, and responsibilities of the first and second deputies and first and second assistants are nearly indistinguishable and therefore supports this 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 believes that similar disparity in salaries should be corrected also in other branches of state government.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 817, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 741 Finance on H.B. No. 598

This bill is landmark legislation addressing the rights and needs of the developmentally disabled population of our State and their parents and guardians. It will ensure the best possible use of State and federal funds by continuing the deinstitutionalization policy of the State for those who would thrive best in smaller, community based, care homes; and will clarify the responsibilities of the Department of Health in the licensing, monitoring, and maintenance of programs and standards for community services. It is also intended to ensure that parents who take upon themselves the responsibilities and burdens of care for their disabled children will have more support and services available to them.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 598, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 742 Finance on H.B. No. 190

The purpose of this bill is to clarify the provisions of the Public Employees Health Fund Law found in Sections 87-1, 87-4, 87-6, and 89-9, of the Hawaii Revised Statutes, which in the past may have raised numerous questions in regards to their application.

Your Committee finds that this bill will make collective bargaining negotiations

of public employers' contributions to the Health Fund consistent with the health benefit changes authorized by the State Legislature in Act 304, SLH 1985.

This bill will permit collective bargaining negotiations to determine the amount of public employer contributions for a wider range of health benefits instead of restricting such contributions to the specific categories of medical, hospital, surgical and the (children's) dental benefits of a health benefits plan. Contribution amounts for group life insurance benefits will still be negotiable.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 190 and recommends that it pass Third Reading.

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

SCRep. 743 Finance 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.

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 Finance is in accord with the intent and purpose of H.B. No. 1517 and recommends that it pass Third Reading.

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

SCRep. 744 Finance on H.B. No. 630

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for implementation of the Lions-QUEST Skills for Adolescence Program in intermediate and high schools. The funds would be used to train teachers and purchase program materials.

Substance abuse is a serious problem in the community, one which schools are in a position to help solve but for which school personnel have little training. This program addresses the underlying causes of adolescent drug abuse by teaching students skills for coping with personal and social difficulties which might lead them to abuse drugs. This program has been adopted by schools in several countries. It is being pilot-tested in three Windward district schools this year, and the responses from students, teachers and parents have all been very favorable. The proposed appropriation would present the program to some 5,000 students next year at less cost than incarcerating two youths in the Hawaii Youth Correctional Facility for one year.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 630 and recommends that it pass Third Reading.

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

SCRep. 745 Finance 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.

Current HRS sections on licensing of pesticide products do 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. This 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 and allows the department to take action against the users of any unlicensed pesticide.

Further, this bill will 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 the kinds and quantities of pesticides used on agricultural and non-agricultural lands in the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1318, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 746 Finance 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 funds 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.

This bill would provide the necessary position and funds to handle the areas of responsibility in the department which involve securities fraud, investment advisor problems, and commodities enforcement concerns.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1536, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 747 Finance on H.B. No. 93

The purpose of this bill is to amend the district court fee schedule for the filing of new actions and other papers in the district courts.

Your Committee heard testimony from the Judiciary indicating that this bill would address its desire to streamline the processing of filings in district court by having a standard uniform fee for most filings made to initiate legal proceedings.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 93 and recommends that it pass Third Reading.

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

SCRep. 748 Finance 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.

The Federal Tax Reform Act of 1986 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.

Your Committee agrees that the use of taxable revenue bonds offers an alternative to traditional tax-exempt financing and may be a feasible method of financing public facilities.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 309 and recommends that it pass Third Reading.

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

SCRep. 749 Finance 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 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 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 Finance is in accord with the intent and purpose of H.B. No. 1332 and recommends that it pass Third Reading.

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

SCRep. 750 Finance on H.B. No. 1102

The purpose of this bill is to enhance the effectiveness of the Hawaii Advisory Commission of Drug Abuse and Controlled Substances (Commission) by changing its quorum requirements.

Your Committee finds that the Commission's effectiveness has been compromised by its inability to reach a quorum, which is currently determined by the mandated size of the Commission. However, the actual size of the Commission is often smaller, due to delays in appointing replacements for members who resign. This bill is intended to allow for a quorum to be based on the number of currently appointed members, which will improve the Commission's opportunities to perform its duties.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1102 and recommends that it pass Third Reading.

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

SCRep. 751 Finance on H.B. No. 33

The purpose of this bill is to establish a fifteen-member Economic Development Council within the Department of Planning and Economic Development for the

purpose of advising the Director of Planning and Economic Development on matters relating to economic development and coordination of economic development activities among the various federal, state, and county agencies and private industry.

Your Committee finds that among the State's major objectives are diversification and expansion of the economic structure of the State to achieve full employment, to increase income and job choice, and to improve living standards for Hawaii's people. Your Committee believes that the Economic Development Council established by this bill will help attain these worthwhile objectives.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 33, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 752 Finance on 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.

Your Committee concurs with House Standing Committee Report No. 3 and is in agreement 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 Finance is in accord with the intent and purpose of H.B. No. 310 and recommends that it pass Third Reading.

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

SCRep. 753 Finance 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.

Your Committee finds that:

(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.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 898 and recommends that it pass Third Reading.

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

SCRep. 754 Finance on H.B. No. 35

The purpose of this bill is to regulate the water resources of the State of Hawaii for the benefit of its people.

Article XI, Section 7 of the Constitution of the State of Hawaii mandates the State's obligation "to protect, control, and regulate the use of Hawaii's water resources for the benefit of its people", and requires that:

"(t)he Legislature shall provide for a water resources agency which, as provided by law, shall set overall water conservation, quality and use policies; define beneficial and reasonable uses; protect ground and surface water resources, watersheds and natural stream environments; establish criteria for water use priorities while assuring appurtenant rights and existing correlative and riparian uses; and establish procedures for regulating all uses of Hawaii's water resources."

Pursuant to this constitutional mandate, your Committee has carefully reviewed and considered the issues and policy concerns regarding water resources management and regulation.

Your Committee finds that because available fresh water on our islands is limited, our very existence depends on its careful management. Judicious use of this essential resource will promote the most efficient use of our lands and help insure continuation of our high quality of life.

To ensure that the availability of this precious resource will meet the present and future needs of the people, your Committee is of the opinion that the water code should serve as a planning tool for the wise use of Hawaii's water resources. Your Committee believes that the State's ability to meet its economic development and environmental protection goals and objectives rests on the long-term availability of sustainable quantities of high quality water supplies throughout the State. As mandated by the Constitutional Convention of 1978, a system of water management is needed to assure the availability of water. Your Committee recognizes that effective management of our water resources will optimize the wise use, development, availability, and conservation of our water resources for the maximum benefit of all of Hawaii's people.

Representatives from the Department of Land and Natural Resources, the Department of Health, the Department of Agriculture, the Department of Hawaiian Home Lands, the Hawaii County Council, the Hawaii State Association of Counties, the Water Resources Research Center, the League of Women Voters in Hawaii, the Hawaii Sugar Planters Association, the Chamber of Commerce, the Aged Hawaiians, the Waianae Land Use Concerns Committee and the Sierra Club presented testimony on this measure. Your Committee appreciated the many and sometimes conflicting views that were expressed.

Your Committee, recognizing the charge to the State by the 1978 Constitutional Convention and considering the testimony received, concurs with your Committee on Water, Land Use, Development and Hawaiian Affairs, as outlined in Standing Committee Report No. 348.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 35, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 755 Finance on H.B. No. 1601

The purpose of this bill is to allow the Board of Land and Natural Resources to renegotiate the terms of restriction contained in leases for commercial, hotel, resort, or industrial use of public land in effect for twenty years or more.

It is the clear intent of your Committee that the Land Board in exercising its authority under this measure continue to use its sound judgment in implementing its authority over all the property that are entrusted to its jurisdiction. And in this regard, your Committee directs the Land Board to exercise the power granted under this bill judiciously and prudently.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1601, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 756 Finance on H.B. No. 1312

The purpose of this bill is to amend Chapter 164-1, Hawaii Revised Statutes, to provide that the salary of the chairperson of the Governor's Agriculture Coordinating Committee shall be fixed by the Governor rather than by statute.

This bill will provide the Governor the needed flexibility to determine what the compensation for the chairperson should be.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1312 and recommends that it pass Third Reading.

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

SCRep. 757 Finance on H.B. No. 268

The purpose of this bill is to provide for the transfer to each county's respective general fund account moneys collected in each county as fines for parking and traffic violations that are not contested and which do not involve or require a court appearance. This provision would not apply to fines from tickets issued by State agencies or officials.

Currently, all traffic and parking fines, and forfeitures associated with violations, collected pursuant to statutorily mandated enforcement 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 Committee believes 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 Committee recognizes, 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 feels that the fines and forfeitures for these violations should not be included for disbursement to the counties.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 268, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 758 Finance on H.B. No. 1041

The purpose of this bill is to provide for broader law enforcement powers with respect to the control and management of beaches and ocean waters.

Your Committee finds that the Department of Land and Natural Resources and the Department of Transportation do not have sufficient resources to enforce various rules that have been adopted for the protection of the general public. It is therefore appropriate to authorize other law enforcement officers to assist in enforcement of these various rules.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1041, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 759 Finance 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.

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. Although

the amount likely to be paid by a confined inmate to a victim at the present time is quite small, the knowledge that an offender is being required even in a small way to accept the offender's responsibilities would be reassuring to many victims. In addition, as the victim is repaid for the victim's loss, the criminal may develop a degree of self-respect and pride in knowing that the criminal has begun to right the wrong committed.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 536, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 760 Finance 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 the information generated by the Hawaii Pesticides Information Retrieval System is a valuable pesticide data base that enables a user to determine in a timely fashion what pesticides are allowed on a particular pest and site in Hawaii. HPIRS is designed to provide specific pesticide registration information indexed by individual commodities that can be used by farmers, growers, extension personnel and regulatory agencies.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 733, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 761 Finance on H.B. No. 1128

The purpose of this bill is to improve the fresh tuna industry in Hawaii by appropriating \$120,608 for the biennium to continue 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 unsuitable 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 a specialist 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. The specialist has studied BTS since 1982, and his research led to the conclusion that BTS is due to poor handling and inadequate cooling of fish.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1128, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 762 Finance on H.B. No. 1151

The purpose of this bill is to authorize the Department of Budget and Finance to issue special purpose revenue bonds to assist the Kapiolani Health Care System in the needed renovation of the Kapiolani Women's and Children's Medical Center and for the purchase of necessary equipment. In addition, this bill would authorize the Department of Budget and Finance to issue refunding special purpose revenue bonds from time to time to refund the special purpose revenue bonds authorized by the bill.

Your Committee received testimony from representatives of the Kapiolani Health Care System and the Healthcare Association of Hawaii in support of this bill. The testimony indicated that the bond authorization, if approved, would result in significant savings, and enable the provision of the highest quality of health care services at the lowest possible cost.

Your Committee finds that the issuance of special purpose revenue bonds, as provided in this bill, is in the public interest.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1151, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 763 Finance on H.B. No. 410

The purpose of this bill is to update and revise Hawaii's insurance laws.

In 1955, the Hawaii Legislature provided funds to the Insurance Commissioner for a comprehensive review of the State's insurance laws. This bill is part of a triad of insurance legislation being proposed as a result of that review. This bill consolidates the proposed technical, non-substantive changes to the Hawaii Insurance Code and separates them from the substantive changes which are being proposed in other legislation. Although they are substantively insignificant, these changes will greatly improve the quality of the Code and afford the Hawaii consumer, the insurer, and the regulator much better comprehension of the Code.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 410, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 764 Finance on H.B. No. 141

The purpose of this bill is to provide an appropriation for the fiscal year 1987-1988 to the Hawaii Criminal Justice Commission which produces information and educational programs for the public about the criminal justice system.

The funds granted to the commission are used to produce video documentaries and public service announcements that air on both commercial and public television. In addition, the commission wants to produce a quarterly newspaper insert which will provide information on crime prevention and the criminal justice system. Finally, the bill provides funding for two temporary full-time staff persons.

Your Committee approves the recommended appropriation of \$129,520.00.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 141, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 765 Finance on H.B. No. 79

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

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 on Finance is in accord with the intent and purpose of H.B. No. 79, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 766 Finance on H.B. No. 352

The purpose of this bill 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 to remain in their own homes and to be 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 approves the appropriation of \$100,000 for fiscal year 1987-1988 to be expended by the Executive Office on Aging.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 352, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 767 Finance on H.B. No. 750

The purpose of this bill is to: (1) establish a Honolulu Symphony (Symphony) endowment fund; (2) appropriate \$500,000 to the fund to be matched on a one-to-one basis by the Symphony; (3) appropriate \$500,000 for FY 1987-1988 to supplement the Symphony's operating budget; and (4) appropriate \$290,000 to cover the actual costs of the young people's concerts and Neighbor Island tours.

The Honolulu Symphony has long been a part of Hawaii's cultural activities. Its programs reach an annual audience of over 250,000, and it is the only professional symphonic orchestra in the State, which supports virtually all other performing arts in the State. The Honolulu symphony is a major cultural resource of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 750, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 768 Finance 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 Finance is in accord with the intent and purpose of H.B. No. 891 and recommends that it pass Third Reading.

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

SCRep. 769 Finance 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).

Your Committee believes that the State must 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 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 Finance is in accord with the intent and purpose of H.B. No. 592 and recommends that it pass Third Reading.

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

SCRep. 770 Finance on H.B. No. 586

The purpose of this bill is to permit the algal mass culture facility at Snug Harbor operated by the Hawaii Institute of Geophysics, University of Hawaii, to sell algae and deposit the proceeds into a revolving fund to support aquaculture research.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 586, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 771 Finance on H.B. No. 1147

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. 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 the 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 on Finance is in accord with the intent and purpose of H.B. No. 1447, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 772 Finance 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.

The present law specifically exempts coin-operated vending machines from the bid requirements of chapter 102, with the exception of coin-operated insurance vending machines. Your Committee finds that allowing the newer currency-operated machines, as well as insurance vending machines and automatic tellers (which would be permitted on a rental basis), would result in increased levels of income and service provided.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1333 and recommends that it pass Third Reading.

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

SCRep. 773 Finance 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 finds that this bill will codify the transfers of authority which are already in place, and authorize the Board of Regents to adopt rules necessary to carry out their responsibilities.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1520 and recommends that it pass Third Reading.

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

SCRep. 774 Finance on H.B. No. 743

The purpose of this bill is to permit counties to establish tax increment districts for planned high technology parks or telecommunications developments or other areas which the counties may deem appropriate.

Currently, the counties are only authorized to establish tax increment districts to implement redevelopment or community development plans. This bill would expand the county authority to designate such districts to those projects located in high technology parks and telecommunications developments and to other appropriate areas, thereby extending the benefits of tax increment financing to fund the costs of infrastructure and other improvements.

Your Committee finds that high technology parks and telecommunications developments can provide significant economic benefits to a county by generating additional revenues and providing increased employment opportunities. Financial incentives will help attract high technology firms to occupy these developments by helping to offset the costs of relocating to Hawaii or building new facilities.

Your Committee further finds that establishment of tax increment districts is an innovative tool which the counties should have authority to establish in any area

if in the public interest.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 743, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 775 Finance on H.B. No. 1156

The purpose of this bill is to provide an administrator and staff support for the State fire council. In addition, this bill appropriates funds for the operations of the office of the State fire council administrator.

Your Committee finds that this bill would provide the staffing and funding support necessary for administering the functions and activities of the State fire council.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1156 and recommends that it pass Third Reading.

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

SCRep. 776 Finance on H.B. No. 7

The purpose of this bill is to provide for a comprehensive feasibility study of insurance exchanges by the Office of the Legislative Auditor and appropriates out of the general revenues the sum of \$100,000 for fiscal year 1987-1988. The bill outlines the parameters of the feasibility study.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 7, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 777 Finance on H.B. No. 909

The purpose of this bill is to simplify and streamline the circuit court fee schedule by providing for payment of a uniform fee of \$50.00 for most filings.

Your Committee finds that the present schedule of circuit court fees is complicated. The simplified fee schedule established by this bill is intended to expedite the filing of documents and shorten the time that people wishing to file documents have to wait in line.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 909 and recommends that it pass Third Reading.

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

SCRep. 778 Finance on H.B. No. 1924

The purpose of this bill is to provide funds for necessary improvements to the Richards Street YWCA.

Your Committee received testimony in support of this bill from the YWCA indicating that emergency repairs to the roof are desirable if further damage is to be avoided to this State historic site.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1924 and recommends that it pass Third Reading.

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

SCRep. 779 Finance 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 1986 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 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 Finance is in accord with the intent and purpose of H.B. No. 1489 and recommends that it pass Third Reading.

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

SCRep. 780 Finance on H.B. No. 858

The purpose of this bill is to provide that all autopsies done in the State shall be performed by qualified pathologists.

At present the statutes do not specify the medical qualifications of persons performing autopsies. Autopsies performed by physicians who are not trained pathologists will in many instances lead to a wrong diagnoses, which may result in misinterpretation or loss of evidence important to civil, criminal, or public health investigations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 858 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives M. Ige, Leong and Marumoto.

SCRep. 781 Finance 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.

Increasing the market for Hawaii's fresh seafood offers 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 food service 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 Finance is in accord with the intent and purpose of H.B. No. 1131 and recommends that it pass Third Reading.

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

SCRep. 782 Finance on H.B. No. 1315

The purpose of this bill is to allow the Governor to explore nontraditional, noncapital intensive alternatives to address the problem of traffic congestion by clarifying the Governor's current authority to modify the hours of schools includes but is not limited to 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, noncapital 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 agrees 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.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1315, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 783 Finance on H.B. No. 875

The purpose of this bill is to include under the general duties of the Department of Agriculture the planning, development, and management of agricultural park projects.

Your Committee finds this bill to be a "housekeeping" measure as Act 222, Session Laws of Hawaii, 1986, transferred the agricultural park functions from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 875 and recommends that it pass Third Reading.

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

SCRep. 784 Finance 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 believes that this bill will enable the Council to hire the most qualified person for the position and provide greater autonomy so that the Council may discharge its duties more effectively.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 594 and recommends that it pass Third Reading.

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

SCRep. 785 Finance on H.B. No. 1465

The purpose of this bill is to allow the Department of Agriculture to transfer funds between the agricultural loan revolving fund and the aquaculture loan revolving fund by amending Sections 155-14 and 219-4 of the Hawaii Revised Statutes.

Your Committee finds that allowing transfers between the two funds as the need arises will enable the Department of Agriculture to meet the objectives of both programs on a more timely basis and permit more effective use of available funds.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1465 and recommends that it pass Third Reading.

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

SCRep. 786 Finance on H.B. No. 1873

The purpose of this bill is to provide for appropriations for the Career Criminal Programs which are located within the Prosecuting Attorneys' offices of each of the counties in the State.

The Career Criminal Program was established by Chapter 845, HRS, to prosecute those multiple and repeat offenders who make a "career" out of crime. The appropriation requested is crucial to ensure that the goals and objectives of the program are accomplished.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1873 and recommends that it pass Third Reading.

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

SCRep. 787 Finance on H.B. No. 42 (Majority)

The purpose of the bill 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 Committee finds 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.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 42, H.D. 1, and recommends that it pass Third Reading.

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

(Representatives Cavasso, Isbell and Marumoto did not concur.)

SCRep. 788 Finance 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. In addition, this bill appropriates funds necessary to establish the office.

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 Finance is in accord with the intent and purpose of H.B. No. 38 and recommends that it pass Third Reading.

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

SCRep. 789 Finance 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. This bill would give the 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.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1595 and recommends that it pass Third Reading.

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

SCRep. 790 Finance on H.B. No. 428

The purpose of this bill is to reauthorize the negotiation of long term residential leases by the Department of Land and Natural Resources with persons who were displaced by, or who are descendants of the refugees of, the 1929 Hoopuloa lava flow.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 428, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 791 Finance on H.B. No. 1519

The purpose of 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.

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 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 Finance is in accord with the intent and purpose of H.B.

No. 1519 and recommends that it pass Third Reading.

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

SCRep. 792 Finance on H.B. No. 628

The purpose of this bill is to appropriate \$20,000 to be expended by the Department of Education in fiscal year 1987-1988 to send four student representatives and one advisor to the Future Homemakers of America National Leadership Conference.

Since its founding in 1945, the Future Homemakers of America program has provided educational as well as social activities to over seven million participants nationwide. At the present time, it has a national membership of three hundred and fifty thousand young men and women.

Future Homemakers of America is the only in-school organization with the family as its central focus. It is a valuable vocational education student organization that functions as an integral part of the home economics education curriculum and operates within the school system providing opportunities for active student participation at local, state, and national levels.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 628, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 793 Finance on H.B. No. 1053

The purpose of this bill is to increase by 10% 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 recipient 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 on Finance is in accord with the intent and purpose of H.B. No. 1053, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 794 Finance 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 on Finance is in accord with the intent and purpose of H.B. No. 1013, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 795 Finance on H.B. No. 27

The purpose of this bill 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 recognizes the need to develop more affordable housing units for this growing segment of the population. Your Committee finds 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 approves the \$20,000,000 general obligation bond authorization.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 27, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 796 Finance on H.B. No. 2

The purpose of this bill is to appropriate funds for the 1987-89 biennium operations of State government. This year, your Committee received two budget requests from the executive, the first, the executive budget request and the second, a major supplemental request.

GENERAL APPROACH

Your Committee reviewed both requests thoroughly and is submitting a budget designed to propel us into potent actions in specific areas, thereby ushering in a new possibility for the State of Hawaii.

This budget funds programs which will ensure the emergence of a society in which economic opportunity, and the dignity and worth of all people regardless of ethnic heritage, gender, class or age become a reality.

It directly impacts the people of Hawaii in matters that are at the heart of life in this State--education, health and human services, and economic development. It considers the immediate and pressing concerns facing our citizens as well as the challenges of the future.

In its deliberations, your Committee examined each issue with a courage and a willingness to think in new ways and to seek unprecedented solutions to age old problems. At the same time, your Committee kept in the background a sense of sound fiscal responsibility knowing that fiscal choices made today will have a powerful impact on the State's ability to meet the demands of the future.

FINANCIAL AND BUDGETARY OVERVIEW

Forecasts on the State's fiscal 1988 outlook project an increase in general fund tax revenues of 9.0% over the current year and another 6.1% increase in fiscal 1989. Beyond the 1987-89 biennium, revenues are expected to increase by an average of 6.0%. The sharp increase in fiscal 1988 is due in part to the additional revenues expected from the first full year's implementation of the Transient Accommodations Tax.

While revenues and long term financing for the State's operating and capital improvement costs should accommodate current expenditures levels, several issues remain unresolved. First, federal funds included in the budget are based on the

best possible predictions available. However, levels of funding may be adjusted by the 100th Congress.

Second, the anticipated effects of the proposed State tax reform measure, if enacted, will have a direct impact on future revenue projections.

Third, Section 6 of Article VII of the State Constitution provides for a mandatory tax refund or tax credit if the general fund balances at the close of two successive fiscal years exceed five percent of the general fund revenues for each of those two fiscal years. Because the general fund balances for fiscal years 1985 and 1986 met the constitutionally mandated criteria, the Legislature will be considering the enactment of legislation to comply with the mandatory tax rebate.

Finally, collective bargaining negotiations are in progress with the major unions representing Hawaii's government employees. Costs of any salary or other benefits agreed upon will also impact State operating expenditures.

ECONOMIC DEVELOPMENT

Tourism. Recognizing the visitor industry as the primary anchor in Hawaii's economy, your Committee provided \$15 million for visitor industry advertising, marketing, and other ancillary activities required for the effective promotion of Hawaii as a tourist destination.

To ensure funding accountability, your Committee also has requested that the Department of Planning and Economic Development respond to issues identified in the recent management study by submitting a progress report to the 1988 Legislature detailing its efforts to implement the recommendations.

Agricultural industry promotion. Industry marketing support for diversified agriculture continues to be one of your Committee's major commitments in building a sound foundation for Hawaii's economy. Promotion funds have been provided for the major agricultural products produced in Hawaii, including \$200,000 in each year of the biennium for the promotion of pineapples; \$150,000 in each year for the promotion of papayas; \$200,000 in the first year of the biennium for the promotion of diversified agricultural commodities; and \$100,000 in fiscal 1987-88 for the promotion of Kona coffee.

Water resource development. Your Committee is fully aware of the precarious nature of our water supply and its endangerment by the year 2000. It also recognizes the essential relationship of water to all activities of a developing community. To this end, some \$22.8 million has been provided in this year's capital improvement budget to assist the counties in finding, developing, and monitoring sources of water.

EMPLOYMENT

Assuring full employment through the establishment of policies conducive to providing productive and challenging work opportunities guided your Committee's deliberations. Approximately \$80,000 has been provided for research into future job opportunities and needed training to meet those needs. In addition, \$300,000 has been designated for employment and support services to disadvantaged persons, refugees, and immigrants.

TRANSPORTATION

Airport improvement. As with water, transportation is a critical component of the infrastructure which supports community development. This year your Committee provided \$10.3 million for repair and maintenance of airports necessitated by increased passenger use. In addition, the sum of \$248.3 million has been authorized for expansion and improvements of airfields, terminals, and other ground support facilities throughout the State.

Harbors expansion. Improvement of commercial harbor facilities throughout the State will facilitate accommodation of varying types of vessels and increase cargo handling and storage capacity to meet the demands of an expanding economy. Your Committee has included \$20.8 million in its capital improvement budget for this purpose.

Water safety. Concern for water safety due to competitive shoreline activities prompted the addition of marine patrol officers for all counties of the State.

Highways. Currently, the State is facing major traffic congestion on its highways. Your Committee has provided \$546.5 million in the capital improvement budget for the upgrading and expansion of the State's highway system.

ENVIRONMENTAL PROTECTION

Water resources protection and monitoring. The federal government has mandated additional water testing be conducted by the states. However, federal funds have not been made available to execute the mandate. Your Committee considers water a precious and irreplaceable resource, and additional testing and monitoring will ensure our citizens of pure untainted water. Therefore, \$1.1 million has been provided over the biennium to the Department of Health for the expansion of the drinking water quality program, as well as additional water testing and monitoring programs.

HEALTH

Expressing its commitment to promote the health and life expectancy of each of our citizens, particularly the handicapped and disabled, your Committee provided additional funding for selective health care services and programs.

Deinstitutionalization of the developmentally disabled and the mentally retarded. Your Committee strongly supports community programs that serve the developmentally disabled. Approximately \$1.5 million in the first year and \$1.9 in million the second year has been provided for community treatment services for the developmentally disabled through the purchase of service program.

Your Committee realizes that active treatment programs are essential for the recertification of Waimano Training School and Hospital. The absence of active treatment was the primary reason for the facility's loss of federal certification. Therefore your Committee has provided \$565,145 in each year of the beinnium for contracting of active treatment services.

Your Committee is disturbed that Waimano continues to incur large expenses even with a decline in population. Further, the program plans to undertake extensive repair and maintenance projects on buildings which will be closing in a few years. It is your Committee's request that the Department of Health, through its newly organized developmental disabilities division, review its current spectrum of services to the developmentally disabled to implement integrated inpatient and outpatient programs and to coordinate current activities with future plans.

Mental health programs for children. The absence of mental health services to "gap groups" is a major concern to your Committee. \$950,000 has been provided for the children's inpatient unit at Leahi Hospital and \$300,000 for adolescent mental health day services. Your Committee is committed to preventiuon and early intervention programs. It is our contention that funding resources directed towards these types of programs are a prudent investment and a major deterrent to the high cost of crisis intervention and treatment.

Your Committee is recommending the State Employee's Health Fund undertake a study to contract for a program focused on State employee well-being. Programs designed to promote physical and psychological wellness of State employees will improve the delivery of government services. Your Committee feels that such an investment in our State employees will reap benefits in employee effectiveness and productivity.

County/State hospitals. The County/State hospital system is an integral part of our health service delivery network, particularly on the Neighbor Islands. Your Committee provided \$18.8 million over the biennium for improvement and expansion of the various State/County hospital facilities.

SOCIAL SERVICES

Shifts in program emphasis toward the elderly, the abused, and the disadvan-

tagged directed your Committee's new funding for the human services area.

Services to the elderly. Your Committee funded services for the elderly which takes into account the fact that our State has one of the most rapidly aging populations in the nation and one of the best longevity records in the world. The foundation for a network of community-based, in-home care in rural and urban areas has been cemented through the funding of a \$3.5 million purchase of service program in each year of the biennium. Funding emphasis is on prevention, health maintenance, and in-home services so that our elderly may live independently or with family members as long as possible, while delaying the financial and psychological costs of institutionalization.

Occurrences of elderly abuse and neglect are gaining public recognition. Your Committee is taking a forward approach by providing \$84,000 for a project aimed at reducing the incidence of elderly abuse and neglect through training those who work with the elderly to identify and report suspected cases.

Relief for over 300 family care givers offering home care to the elderly has been provided through a \$60,000 appropriation for respite services. Your Committee expects that this funding will permit the frail elderly to maintain their independence in the community while providing needed rest for the family care giver.

Family abuse and neglect. A major program shift in services to children and families has been implemented. Within the current purchase of service program of the Department of Social Services and Housing, \$1.2 million has been provided in each year of the biennium for a statewide service network aimed at crisis intervention and treatment of all aspects of family abuse. In addition, another \$1.2 million has been provided in each fiscal year for child care services to families whose children are identified as "developmentally-delayed." Your Committee is assured that this funding establishes a wide spectrum of services to children-at-risk.

Automated welfare information system (HAWI). In its continuing commitment to an effective and accurate welfare system, your Committee has provided \$3.4 million in general funds over the biennium to be matched with \$8 million in federal funds to the Hawaii Automated Welfare Information System. This will permit the Department to implement its plan toward ensuring that eligibility standards will be upheld and errors will be reduced. Your Committee is concerned about the actual error reduction capability of the current implementation plan and requests that the Department of Social Services and Housing verify the rate of error reduction in the model being simulated to ensure that an acceptable error rate can be achieved.

Flat granting of shelter payments. For the first time since the inception of the flat grant system, shelter payments will be included as part of the basic flat grant stipend. This change will provide an equitable distribution of welfare benefits. Further, it will simplify the eligibility and payment process and reduce errors and administrative staff time.

Employment training program for persons receiving public assistance. Federal mandate now requires persons receiving food stamps to participate in an employment and training program. Your Committee has provided \$.5 million in general funds to be matched by \$.9 million in federal funds for an employment and training program for food stamp recipients. Without such a program, some \$80 million in food stamps will be in jeopardy.

Further, a voluntary workfare program for other public assistance recipients will be instituted by the Department of Social Services and Housing through a \$4.2 million appropriation over the next two years. It is anticipated that these State funds will be supplemented by another \$4.2 million in federal funds. Such a program recognizes and supports those individuals who are self-motivated by offering opportunities for education and job training, so that they can become self-sufficient.

Hawaiian Home Lands. For the first time since its inception, the Department of Hawaiian Home Lands requested a general fund appropriation for operational costs. Your Committee has provided \$3.4 million in general funds on a one time basis so that the Department can continue its accelerated homestead lease program.

FORMAL EDUCATION

Lower Education. The demands for an educated population skilled in reading, writing, and critical thinking are increasing as we enter the 21st century. Our educational policies are the key to developing such skills. Your Committee reviewed the Department of Education's budget including the additional \$10 million provided by the new administration for educational programs. In directing this funding, your Committee emphasized innovative and creative approaches to improving our public education system.

Reduction of classroom size. Your Committee took the first major step toward instituting programs designed to restructure our public education system. It has provided \$2.8 million in fiscal year 1987-88 and \$3.5 million in fiscal year 1988-89 for the hiring of part-time teachers to provide class-size relief and to lower kindergarten class size from 26 to 20 in fiscal year 1988-89. Your Committee believes that the reduction in class size at a critical point in a child's learning curve will have a major impact on later achievement.

School facilities improvement. Your Committee has also provided \$56.1 million over the biennium for new school facilities and renovations to existing facilities to meet the growing school population and prepare for changes in classroom needs anticipated with the lowering of the pupil-teacher ratio in kindergarten classes. Another \$25 million in general funds has been appropriated for repair and maintenance of present school facilities and \$2.0 million for statewide replacement of furniture and equipment.

Your Committee is committed to individual school autonomy while holding the Department of Education accountable for expenditure of funds provided in this budget. It is your Committee's intention to review the Department's budget expenditures in the next legislative session and to continue to provide funding for programs dedicated to improving student achievement.

Higher Education. As Hawaii's singular public institution of higher learning, your Committee is cognizant of the need to invest wisely in the development of the University of Hawaii system. To this end, your Committee has taken steps to provide for innovative programs as well as continue to fund basic support areas.

Innovative programs. Your Committee believes the University of Hawaii should be a world leader in marine education, earth science research, and Pacific and Asian studies. Therefore, a lump sum of \$3,000,000 has been provided in each year of the biennium for the University of Hawaii to implement on a selective basis, new initiatives for academic excellence as outlined in the University's strategic plan and the administration's commitment to Hawaii's place as the center of Pacific and Asian affairs. These funds are to be expended at the discretion of the University.

Equipment replacement and facility maintenance. Prolonged periods of fiscal austerity have led to deficiencies in basic educational and scientific equipment. \$11.9 million has been provided to remedy this situation. In addition, \$27 million has been authorized for facility repair and maintenance.

Additional funding of \$800,000 over two years has been provided for the community colleges and \$2.5 million has been appropriated to the University to make administrative improvements.

CULTURE AND RECREATION

Performing and visual arts. An appreciation for ethnic, folk, and classical arts provides an enhanced experience in the quality of an individual's life. Your Committee has provided a full array of artistic programs through public support of the State Foundation for Culture and the Arts purchase of service program. Approximately \$2.4 million in each year of the biennium has been provided for cultural and artistic events.

PUBLIC SAFETY

The consent decree resulting from court action by the American Civil Liberties Union (ACLU) continues to demand more funding for various State correctional facilities. Approximately \$2.8 million has been provided for: (1) an integrated

public safety information system which will make inmate information more accessible at the various facilities resulting in effective management of incarcerated inmates; (2) a pilot project to test implementation of an alternative for incarceration to relieve prison overcrowding; (3) additional support positions at the Halawa medium security program; (4) services to inmates with special problems such as substance and sex abuse treatment and counseling; (5) additional positions and operational costs to include 113 more inmates in the community service program; and (6) positions to meet the federal prison standards in maintenance of facilities, grounds, food service and sanitation.

Your Committee remains concerned about the turn-over problem within the corrections division and directs it to develop in-service training programs to support adult corrections officers.

INDIVIDUAL RIGHTS

Consumer protection. Strengthening laws which protect the consumer as well as promoting a healthy business climate was the focus of this year's funding. Your Committee added a securities fraud unit to the business registration division to investigate and prosecute consumer complaints regarding investment advisors. An appropriation of \$173,000 in each year of the biennium has been provided.

Steps were taken to establish a comprehensive consumer information program designed to support overall consumer programs in the Department of Commerce and Consumer Affairs.

Health care insurance. Approximately \$75,000 has been provided to conduct a study to (1) review all aspects of health care insurance and make recommendations for changes in current regulations and laws in areas such as long-term care, catastrophic illness, dental care and payment plans of various types; and (2) develop a strong consumer education program to provide consumers with comparative information to ensure selection of an appropriate health plan.

GOVERNMENT-WIDE SUPPORT

General support services. Services within this program area affect a wide variety of programs which support government operations, such as tax collections, legal services, budget preparation and execution, and statewide information systems.

Your Committee has provided funds to strengthen specific areas as well as begin research and development in other areas. Specifically, \$100,000 has been provided for a feasibility study in establishing the Aloha State Bond Lottery; \$680,000 in fiscal year 1987-88 and \$580,000 in fiscal year 1988-89 for agricultural research and development in areas such as pest and disease control and management; \$1.7 million in each year for litigation expenses incurred by the Attorney General's office with a request that the Attorney General submit an accounting of all expenditures; and \$2.5 million for repair and maintenance of the State Capitol.

Non-filer's program. Your Committee has also strengthened the Tax Department's ability to follow up on non-filers through the addition of \$890,000 over the biennium for additional positions.

Fiscal safeguards. Your Committee has taken steps to establish safeguards against catastrophic financial loss by providing for the purchase of a statewide liability and property insurance policy.

Electronic data processing. In its continuing commitment to develop the electronic data processing program, your Committee is requesting the Department of Budget and Finance to submit a report detailing its mission, goals and objectives, implementation plan, and evaluation of end-user satisfaction. This is in recognition of the sophistication and complexity of instituting a statewide data processing system.

The funding design of this bill clearly establishes a new era in the State's social and economic development. It recognizes the compelling needs of our current priorities while forging a new agenda for the future.

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

No. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 797 Finance on H.B. No. 49

Since 1974, the budget of the Judiciary has been prepared and submitted as a document separate and apart from that of the Executive Branch. While this underscores the Judiciary's autonomy as a separate branch of State government, it imposes upon the Judiciary the responsibility to develop realistic program and financial plans which take into account projected State revenues and ceilings imposed upon general fund expenditures and bonded debt.

Your Committee believes that the State judicial system is one of the finest in the nation -- Hawaii is fortunate in having a single unified court system serving all the people of the State. Your Committee, however, is concerned that formulation of the Judiciary budget may have been performed without consideration of the realities of statewide resource limitations and with an inordinate level of credence in perceived needs. Accordingly, your Committee substantially reduced the funding level for the Judiciary; but in making the adjustments, your Committee reserved for the Judiciary a degree of flexibility to enable it to meet its priority requirements.

METHODOLOGY AND APPROACH

For the current fiscal year, a total of \$51.7 million and 1,434 permanent positions were appropriated for operating expenses of the Judiciary. For Fiscal Biennium 1987-89, the Judiciary requests funding of \$60.8 million and 1,624 positions for FY 1987-88, and \$60.5 million and 1,732 positions in FY 1988-89. This represents increases over the current year funding of 17.5 percent in the first year, and 17.0 percent in the second year. The requested position counts exceed the current year authorization by 13.2 percent in FY 1987-88 and 20.7 percent in FY 1988-89.

In reviewing the details of the Judiciary budget, your Committee found that many requests were not fully substantiated. The reductions recommended by your Committee will bring the Judiciary request, currently \$5.8 million beyond its general fund ceiling, within the appropriation ceiling. Apart from the \$5 million request for a computer, your Committee has not made any significant reductions. Rather than deleting individual items, your Committee has reformulated the Judiciary's current funding level base. This approach allows the Judiciary to exercise flexibility and discretion in allocating its resources to meet priority needs by determining which low priority items may be deferred.

With regard to personal services, 30 additional permanent position counts are recommended. Your Committee believes that a larger number of new positions is not warranted, as there are presently more than 100 vacancies in the Judiciary which could be reallocated to address high priority personnel needs. It is noted that 161 new positions were authorized in FY 1985-86, and 6 more were added in FY 1986-87. Your Committee determined that the Judiciary should give priority attention to utilizing existing positions and evaluating their impact on workload before requesting additional positions.

The Judiciary budget for other current expenses was based upon across-the-board increases of 8 percent per year, without regard to the nature of the costs. Consequently, non-recurring costs were budgeted for in the next biennium, despite the fact that there appears to be no basis for continuing to provide for those expenses. Your Committee has, therefore, adjusted this expenditure category by allowing for a 4 percent per year inflation factor for recurring costs.

Funding for purchases of service were determined after careful evaluation by your Committee and the Committee on the Judiciary. Programs recommended for funding include the Neighborhood Justice Center (First Circuit Court) at \$152,997 in FY 1987-88 and \$171,934 in FY 1988-89, and the Waiakea Settlement YMCA (Third Circuit Court) at \$38,298 in FY 1987-88 and \$39,877 in FY 1988-89.

Your Committee recognizes the importance of centers for family and district

courts, and has appropriated sufficient funds in the Capital Improvements Program (CIP) budget to facilitate the timely implementation of the projects.

The nine Judiciary CIP projects are located on the islands of Hawaii, Oahu, Maui, Kauai, and Molokai. The sum of \$16.2 million has been provided in the biennium budget for these projects.

In summary, your Committee finds that the Judiciary budget requested for the next biennium is significantly overstated, and in many areas, the requests have not been justified.

Your Committee notes that despite the budget reductions, the Judiciary retains substantial flexibility and control to reallocate its budgeted resources. The provisions of this Act allow funds and positions to be transferred among programs. Vacant positions may be reassigned at the discretion of the Chief Justice to meet workload increases.

Ours is a complex society, and surely the Judiciary's role in that society is made more difficult by ever-increasing demands for public services and the expeditious dispensation of justice. It is essential, however, that public funds expended in operating our judicial system be prudently allocated, as the State's resources are not infinite.

Your Committee finds that there is a need for a comprehensive review of management practices in the Judiciary, in terms of systems, techniques, and expectations. In the process of reviewing the Judiciary's budget, your Committee found a lack of overall goals and specific objectives to which the proposed expenditure of funds can be related. Your Committee urges the Judiciary to scrutinize closely its operations and give careful consideration to developing definitive plans for coping with identified problems and issues, and to set objectives by which its accomplishments and anticipated outcomes can be measured. Your Committee believes that a thorough management review will assist the Judiciary in carrying out its responsibilities more efficiently and effectively, and should, therefore, be accorded the highest priority.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 49, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 49, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 798

Finance on H.B. No. 287

The purpose of this bill is to appropriate funds for the 1987-89 biennium budget of the Office of Hawaiian Affairs.

Despite the relatively short time period available to examine the budget request submitted by OHA, your Committee was able to review the request for funds in light of the overall programs currently conducted and planned over the next biennium. The program needs as identified by OHA were scrutinized, and provisions were made for those program activities which were more clearly focused toward achieving OHA's objectives.

Your Committee was cognizant of the critical findings and recommendations contained in the 1986 report of the management audit of OHA, and was especially concerned with the need of the board to reaffirm its role as a policy making body serving the Hawaiian community as a whole. It is believed that it is the responsibility of the Administrator of OHA to manage and direct the program implementation in consonance with the policies established by the board. Any conflict in roles jeopardizes OHA to execute its charge of meeting the needs and serving the Hawaiian people in the State. For this reason your Committee heard testimony from the Chairman of the board that it intends to comply with the recommendations made by the management audit.

With the commitment that OHA intends to provide a substantial increase in services directed to educational, health, human services, and planning and development of needed programs, your Committee included adequate amounts of general and special funds. It is your Committee's view that OHA continue to implement the recommendations of the management audit to assure that resources made

available are utilized effectively and efficiently.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 287, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 799 Finance on H.B. No. 1740

The purpose of this bill is to provide an exemption from prior approval by the Governor and Legislature for easements on submerged lands that are used for piers, moorings, seawalls, cables, pipelines, and other similar uses.

Testimony in support of the bill was provided by the Departments of Land and Natural Resources, Transportation, and Planning and Economic Development, Hawaiian Independent Refinery Inc. (HIRI) and the Hawaii Chapter of the Sierra Club.

Your Committee on Finance is in accord with the purpose and intent of H.B. No. 1740 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives M. Ige, Leong, Tajiri and Marumoto.

SCRep. 800 Transportation on H.C.R. No. 95

The purpose of this Concurrent Resolution is to request the Department of Transportation to rename Lihue Airport after Richard A. Kawakami, who was Speaker of the House of Representatives of the State of Hawaii from January 21-March 8, 1987.

Richard A. Kawakami distinguished himself in both the public and private sector. A native son of Kauai, he successfully ran the family business improving the economic development of Kauai while helping his wife, Bertha, raise their three children, Wendall, Kendall, and Lynn.

With a strong desire to serve the people of Hawaii, he began his public service career in 1968 first as a member of the Kauai Charter Commission and then as a delegate to the 1968 Constitutional Convention. In that same year he successfully ran for the State House of Representatives where he served until his untimely death on March 8, 1987.

A man of vision and outstanding leadership qualities, he was selected by his peers to be the Speaker of the House of Representatives of the Fourteenth Legislature. Although his tenure as Speaker was short, he nevertheless distinguished himself by his open, friendly style of leadership and his accessibility to all.

His devotion and enthusiasm as well as his ability to carry through his many ideas and innovative projects brought him the respect and admiration of all who worked with him. Richard A. Kawakami will live in the hearts of our people as one of the finest public servants ever to serve Hawaii.

Your Committee strongly supports and urges the renaming of Lihue Airport in honor and respect for Richard A. Kawakami.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 95 and recommends its adoption.

Signed by all members of the Committee except Representative Ihara.

SCRep. 801 Housing and Community Development on H.R. No. 9

The purpose of this resolution is to request the Hawaii Housing Authority to study the ramifications for housing if a spaceport is developed at South Point on the island of Hawaii.

Representatives from the Hawaii Housing Authority (HHA), the Department of Hawaiian Home Lands (DHHL), and the Department of Planning and Economic Development (DPED) presented testimony in favor of this resolution.

The Department of Planning and Economic Development further testified that the Department will shortly be directing a statewide study to look at other potential sites with comparable attributes. In addition, the Department of Hawaiian Home Lands also noted that the site identified in the resolution contains Hawaiian home lands.

Upon further consideration, your Committee has amended the resolution to reflect the concerns of the two departments. More specifically, your Committee has:

(1) amended the title to more broadly read: "Requesting the Hawaii Housing Authority study the Ramifications for Housing for a Proposed Spaceport in Hawaii;

(2) added a new "WHEREAS" clause to cite that much of the land on the southeast side of the island of Hawaii belongs to Hawaiian home lands;

(3) amended a "WHEREAS" clause to note that the DPED is also looking at other possible sites; and

(4) added a "BE IT FURTHER RESOLVED" clause to direct the DPED and DHHL assist HHA in its studies.

Your Committee made other amendments for the purposes of style and clarity.

Your Committee on Housing and Community Development concurs with the intent and purpose of H.R. No. 9, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 9, H.D. 1.

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

SCRep. 802 Planning, Energy and Environmental Protection on H.R. No. 13

The purpose of this resolution is to request the Department of Health to submit a status report on its progress of the development of a State hazardous waste program.

Your Committee finds that a major recommendation established within the Department of Health's "Five Year Hazardous Waste Plan" of 1986 is for the State to move toward full authorization of its hazardous waste program from the Federal Environmental Protection Agency. If Hawaii agrees to accept full delegation of its hazardous waste program, the State has the advantage of directing the program according to the special needs of the community. To attain full authorization, however, the State must develop and operate a program equivalent to or more stringent than the program currently required by the EPA.

Your Committee finds that the Department of Health's progress in achieving the objectives of its plan has, thus far, been far from satisfactory. In this regard, your Committee feels that a status report on the progress of the Department in developing its hazardous waste program is necessary at its time.

Your Committee on Planning, Energy and Environmental Protection concurs with the intent and purpose of H.R. No. 13 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 803 Planning, Energy and Environmental Protection on H.C.R. No.
3

The purpose of this concurrent resolution is to request the Department of Health to submit a status report on its progress of the development of a State hazardous waste program.

Your Committee finds that a major recommendation established within the Department of Health's "Five Year Hazardous Waste Plan" of 1986 is for the State to

move toward full authorization of its hazardous waste program from the Federal Environmental Protection Agency. If Hawaii agrees to accept full delegation of its hazardous waste program, the State has the advantage of directing the program according to the special needs of the community. To attain full authorization, however, the State must develop and operate a program equivalent to or more stringent than the program currently required by the EPA.

Your Committee finds that the Department of Health's progress in achieving the objectives of its plan has, thus far, been far from satisfactory. In this regard, your Committee feels that a status report on the progress of the Department in developing its hazardous waste program is necessary at its time.

Your Committee on Planning, Energy and Environmental Protection concurs with the intent and purpose of H.C.R. No. 3 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 804 Transportation on H.R. No. 57

The purpose of this resolution is to urge the members of the 100th Congress to work diligently with the transportation leadership of the U.S. House of Representatives, the U.S. Senate, and the Administration to secure the passage by both houses of a Surface Transportation Bill to reauthorize the Federal-Aid Highway Act and the release of federal highway revenues to the states. This resolution further urges the 100th Congress to reaffirm areas of agreement between the House and the Senate conferees, and set aside for separate consideration, those issues in contention that prevented passage of this important legislation.

By way of a brief background, the 99th Congress adjourned without enacting a new Surface Transportation Authorization Bill to replace the Surface Transportation Assistance Act of 1982, resulting in the expiration of the Federal-Aid Highway Program and a portion of the public transportation program. As a result, the flow of new money to these programs has been halted, and planned improvements to the Nation's heavily travelled highways, including those located in Hawaii, have been severely curtailed.

The State Department of Transportation and the City and County of Honolulu Department of Transportation Services testified in favor of this resolution, emphasizing that the delays in current construction projects are due to the lack of funds which would be available through the Federal-Aid Highway Act. Your Committee also received favorable testimony from the Hawaii Transportation Association and the Hawaii Highway User's Federation.

Your Committee on Transportation is in accord with the intent and purpose of H.R. No. 57 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 805 Transportation on H.C.R. No. 32

The purpose of this concurrent resolution is to urge the members of the 100th Congress to work diligently with the transportation leadership of the U.S. House of Representatives, the U.S. Senate, and the Administration to secure the passage by both houses of a Surface Transportation Bill to reauthorize the Federal-Aid Highway Act and the release of federal highway revenues to the states. This resolution further urges the 100th Congress to reaffirm areas of agreement between the House and the Senate conferees, and set aside for separate consideration, those issues in contention that prevented passage of this important legislation.

By way of a brief background, the 99th Congress adjourned without enacting a new Surface Transportation Authorization Bill to replace the Surface Transportation Assistance Act of 1982, resulting in the expiration of the Federal-Aid Highway Program and a portion of the public transportation program. As a result, the flow of new money to these programs has been halted, and planned improvements to the Nation's heavily travelled highways, including those located in Hawaii, have been severely curtailed.

The State Department of Transportation and the City and County of Honolulu

Department of Transportation Services testified in favor of this concurrent resolution, emphasizing that the delays in current construction projects are due to the lack of funds which would be available through the Federal-Aid Highway Act. Your Committee also received favorable testimony from the Hawaii Transportation Association and the Hawaii Highway User's Federation.

Your Committee on Transportation is in accord with the intent and purpose of H.C.R. No. 32 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 806 Transportation on H.R. No. 49

The purpose of this resolution is to request the police departments of each county to increase their enforcement of established speed limits, with particular attention focused on the enforcement of minimum speed limits.

Current law prohibits the operation of a vehicle at a speed greater than the maximum speed limit, as well as at a speed less than the minimum speed limit.

Minimum speed limits are established to ensure steady traffic flow for the safety of passengers of motor vehicles on a particular roadway. A motor vehicle traveling below the designated minimum speed limit poses a hazard, especially among vehicles accelerating to the maximum speed limit. As both conditions are hazardous, equal enforcement of the law should be maintained. However, there is a disproportionate degree of emphasis on the part of police officers to enforce only maximum speed limit restrictions, while being less stringent with vehicles traveling below the minimum speed limit. Your Committee therefore finds that efforts should be made by the police departments of each county to increase the enforcement of established minimum speed limits.

Your Committee on Transportation is in accord with the intent and purpose of H.R. No. 49 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 807 Transportation on H.C.R. No. 29

The purpose of this concurrent resolution is to request the police departments of each county to increase their enforcement of established speed limits, with particular attention focused on the enforcement of minimum speed limits.

Current law prohibits the operation of a vehicle at a speed greater than the maximum speed limit, as well as at a speed less than the minimum speed limit.

Minimum speed limits are established to ensure steady traffic flow for the safety of passengers of motor vehicles on a particular roadway. A motor vehicle traveling below the designated minimum speed limit poses a hazard, especially among vehicles accelerating to the maximum speed limit. As both conditions are hazardous, equal enforcement of the law should be maintained. However, there is a disproportionate degree of emphasis on the part of police officers to enforce only maximum speed limit restrictions, while being less stringent with vehicles traveling below the minimum speed limit. Your Committee therefore finds that efforts should be made by the police departments of each county to increase the enforcement of established minimum speed limits.

Your Committee on Transportation is in accord with the intent and purpose of H.C.R. No. 29 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 808 Health on H.R. No. 24 (Majority)

The purpose of this resolution is to urge the United States Department of Transportation to not allow smoking on commercial airlines, as is currently the policy of the Hawaii's major inter-island carriers.

Your Committee finds that the Surgeon General of the United States and medical

research has determined that smoking contributes to many forms of cancer, heart disease, bronchitis, birth risks and number of other illness conditions. Research has also shown that the health of non-smokers is at risk when exposed to "side-stream" or second hand smoke from those smoking around them. All passengers and crew of the airlines are forced to breathe the recycled air and smoke emanating from the "smoking" section of the aircraft.

Your Committee received testimony in support of this resolution from many medical professionals and other concerned citizens. Testimony was also received from a representative of a trans-oceanic airline which stated that it would be in their best interest, for both safety and health reasons, to ban smoking on airlines but could not unless it was industry wide.

Your Committee on Health is in accord with the intent and purpose of H.R. No. 24 and recommends that it be referred to the Committee on Transportation.

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

SCRep. 809 Health on H.C.R. No. 13 (Majority)

The purpose of this concurrent resolution is to urge the United States Department of Transportation to not allow smoking on commercial airlines, as is currently the policy of the Hawaii's major inter-island carriers.

Your Committee finds that the Surgeon General of the United States and medical research has determined that smoking contributes to many forms of cancer, heart disease, bronchitis, birth risks and number of other illness conditions. Research has also shown that the health of non-smokers is at risk when exposed to "side-stream" or second hand smoke from those smoking around them. All passengers and crew of the airlines are forced to breathe the recycled air and smoke emanating from the "smoking" section of the aircraft.

Your Committee received testimony in support of this concurrent resolution from many medical professionals and other concerned citizens. Testimony was also received from a representative of a trans-oceanic airline which stated that it would be in their best interest, for both safety and health reasons, to ban smoking on airlines but could not unless it was industry wide.

Your Committee on Health is in accord with the intent and purpose of H.C.R. No. 13 and recommends that it be referred to the Committee on Transportation.

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

SCRep. 810 Health on S.B. No. 109

The purpose of this bill is to raise the age at which a person may purchase tobacco products from 15 years to 18 years.

According to experts in the health field, the use of tobacco products is the single most important preventable cause of death and illness in the United States. Your Committee believes that this bill will reduce the proportion of tobacco users among young people in Hawaii.

Your Committee received testimony in support of this bill from the Department of Health, Public Health Association and the Hawaii Food Industry Association who also recommended a revision to the penalty section.

Your Committee has amended the bill to include a "Purpose and Findings" section which outlines the need for this legislation. A new requirement has also been added to Section 446, Hawaii Revised Statutes to have a sign with the statement: "THE SALE OF TOBACCO PRODUCTS TO PERSONS UNDER EIGHTEEN IS PROHIBITED" be posted at any location where tobacco products are sold. In addition, the reference to "minors" has been changed to "persons". Your Committee has further amended the bill by amending Section 445-213, Hawaii Revised Statutes to change the penalty section to read:

Any adult violating Section 445-212 shall be fined \$100 for the first offense.

Any subsequent offenses shall subject the person to a fine not less than \$100 nor more than a \$1000. Any person under the age of eighteen years violating section 445-212 shall be fined \$10 for the first offense. Any subsequent offense shall subject the violator to a fine of \$50, no part of which shall be suspended, or the person shall be required to perform not less than 48 hours nor more than 72 hours of community service during hours when the person is not employed and is not attending school.

The date of effect for this Act has been changed from its approval to January 1, 1988.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 109, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 109, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 811 Health on S.B. No. 1734

The purpose of this bill is to allow the Department of Health to certify foster care homes for developmentally disabled individuals so that these persons may remain in these homes beyond their eighteenth birthday. An appropriation of \$37,000 in fiscal year 1987-1988 for the regulation of these homes is recommended.

Act 328, Session Laws of Hawaii 1986, provided for a one year pilot project and study of the provisional certification of adult foster homes. This study, now before the Legislature, recommends the continuation of adult foster home certification.

Your Committee finds that a mix of certified residential, community care homes are an important element in the progress towards enhancing the quality of life of developmentally disabled and other handicapped individuals. This bill will diminish the disruption of life routine, and promote the values of continuous care and positive relationships found in adult foster care homes.

Your Committee agrees with the intent and purpose of S.B. No. 1734, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 812 Health on S.B. No. 303

The purpose of this bill is to clarify that a tuberculin test is required for every child prior to school entry.

There is currently confusion with regard to the immunization requirements which must be met within the three month provisional entry into school.

Your Committee finds that at this time students do not have a three-month period after provisional entry into school to complete the tuberculin test as they do for other required immunizations and physical examination. This statutory revision would make this section consistent with other HRS sections.

Your Committee recieved testimony from the Department of Education in support for this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 303 and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 813 Planning, Energy and Environmental Protection on H.R. No. 50

The purpose of this resolution is to request the Department of Health to coordinate the implementation of the Federal Emergency Planning and Community

Right-to-Know Act of 1986 (Title III).

Your Committee finds that although Hawaii has yet to experience environmental disasters on the order and magnitude of those such as the release of toxic gases in Bhopal, India and the chemical contamination of the Rhine River throughout Europe, the State must be prepared to respond to hazardous chemical releases and various environmental emergency situations. Currently, however, the emergency response community of the State of Hawaii continues to operate without a comprehensive hazardous chemical emergency response plan. In addition, hazardous chemical exercise simulations indicate that Hawaii is ill prepared to address hazardous chemical emergency situations.

Your Committee finds that with the passage of Title III of the of the 1986 Superfund Amendments and Reauthorization Act, states are mandated to develop state emergency response commissions; designate local emergency planning districts; develop local emergency response plans; and so on. In this regard, your Committee finds that the State Department of Health should be designated as the overall coordinating authority for hazardous chemical emergency preparedness in Hawaii.

Your Committee on Planning, Energy and Environmental Protection concurs with the intent and purpose of H.R. No. 50 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 814 Planning, Energy and Environmental Protection on H.C.R. No.
30

The purpose of this Concurrent Resolution is to request the Department of Health to coordinate the implementation of the Federal Emergency Planning and Community Right-to-Know Act of 1986 (Title III).

Your Committee finds that although Hawaii has yet to experience environmental disasters on the order and magnitude of those such as the release of toxic gases in Bhopal, India and the chemical contamination of the Rhine River throughout Europe, the State must be prepared to respond to hazardous chemical releases and various environmental emergency situations. Currently, however, the emergency response community of the State of Hawaii continues to operate without a comprehensive hazardous chemical emergency response plan. In addition, hazardous chemical exercise simulations indicate that Hawaii is ill prepared to address hazardous chemical emergency situations.

Your Committee finds that with the passage of Title III of the of the 1986 Superfund Amendments and Reauthorization Act, states are mandated to develop state emergency response commissions; designate local emergency planning districts; develop local emergency response plans; and so on. In this regard, your Committee finds that the State Department of Health should be designated as the overall coordinating authority for hazardous chemical emergency preparedness in Hawaii.

Your Committee on Planning, Energy and Environmental Protection concurs with the intent and purpose of H.C.R. No. 30 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 815 Higher Education and the Arts on S.B. No. 1752

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. Con-

sistency 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 S.B. No. 1752 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 816 Higher Education and the Arts on S.B. No. 882

This bill would remit, from the revolving fund for the seed distribution program administered by the College of Tropical Agriculture and Human Resources, any moneys in excess of \$50,000 to the State general fund at the end of the fiscal year.

Under present law, any moneys in the seed distribution revolving fund in excess of \$35,000 is remitted to the State general fund at the end of each fiscal year.

Your Committee is of the opinion that \$50,000 would allow the college to consistently meet present demand. While in agreement with the intent of this bill, your Committee feels that a further increase would allow this operation to continue functioning for several years before the college would have to return to the Legislature for an increase due to rising operating costs. Therefore, your Committee has amended the bill to raise the maximum limit from \$50,000 to \$70,000.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 882, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 882, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 817 Planning, Energy and Environmental Protection on S.B. No. 376

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 Hawaii 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. Subsequently, a joint venture was 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 Hawaii Electric Light Company has been executed. Your Committee finds that the amendments proposed in this bill will clarify Act 145 and will satisfy technical concerns which have developed.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 376 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 818 Intergovernmental Relations on S.B. No. 583

The purpose of this bill is to allow for fines and forfeitures collected under dogs licenses and regulations provisions which are not deposited with the State Director of Finance to counties. It provides that 50 per cent of the fines collected under seizure and redemption of unlicensed dogs to be paid to the county Director of Finance and deposited into the general fund of each county.

Your Committee received testimony in support of this bill from the City and

County of Honolulu which will give 50 per cent of the revenues to the counties because they point out that they bear a greater financial burden in the enforcement of animal control.

Your Committee also heard testimony in support of this bill from the Hawaiian Humane Society which pointed out that the City and County of Honolulu contracts with them for enforcement of the leash, license, and barking dog ordinances. They issued 3,053 citations in one year.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 583, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 819 Intergovernmental Relations and Water, Land Use, Development
and Hawaiian Affairs on S.B. No. 1295

The purpose of this bill is to establish a Guangdong Province special exchange program within the Department of Planning and Economic Development to promote better understanding between the People's Republic of China and Hawaii on matters of economic development, mutual trade, education, cultural exchange, and other activities. It provides for selected residents to teach at a school, study the cultural, social or economic practices of China, or conduct research on issues that would promote a better understanding of the ways of life within the 2 regions and assist both regions in fulfilling their economic potentials.

Your Committees feel that establishing an exchange program with Guangdong Province in the People's Republic of China for the purpose of sharing and exchanging knowledge and experience in areas of mutual interest such as economic development, trade, science, education, agriculture, and tourism is desirable. With Hawaii's leadership in the study of cross-cultural relationships, business practices, and related activities could only enhance the economic prospects for both regions and strengthen Hawaii's role in international trade and commerce in the Pacific Basin and Asia.

The program would be guided by an advisory board and funded by an appropriation of \$25,000 to the Governor's Office for fiscal year 1987-88.

Your Committees received testimony in support of the bill from the Department of Planning and Economic Development.

Your Committees on Intergovernmental Relations and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 1295, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Jones.

SCRep. 820 Housing and Community Development on S.B. No. 776

The purpose of this bill is to establish a new part under Chapter 359G, Hawaii Revised Statutes, relating to housing for elderly persons, and repeals a similar provision in Part III under Chapter 359.

Part III of Chapter 359 provides for the development of homes for the elderly in State housing projects. The provisions contained within this part are restrictive and make the development of affordable elderly projects by the Hawaii Housing Authority (HHA) unfeasible.

This bill essentially transfers all of the responsibility for housing of the elderly to HHA under Chapter 359G but without many of the prior restrictions under Chapter 359, thus providing the HHA with more flexibility.

Your Committee has amended this bill by adding a paragraph (4) to Section 359G-75. The proposed paragraph is currently codified as paragraph 359-62 and reads as follows:

"(4) Notwithstanding that the elderly person has no written rental agreement

or that it has expired, so long as the elderly person continues to tender the usual rent to the authority or proceeds to tender receipts for rent lawfully withheld, no action or proceeding to recover possession of the dwelling unit may be maintained against the elderly person, nor shall the authority otherwise cause the elderly person to quit the dwelling unit involuntarily, demand an increase in rent from the elderly person, or decrease the services to which the elderly person has been entitled during hospitalization of the elderly person due to illness or other disability."

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 776, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 776, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 821 Housing and Community Development on S.B. No. 597

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 on put 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 on Housing and Community Development is in accord with the intent and purpose of S.B. No. 597, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 822 Housing and Community Development on S.B. No. 594

The purpose of this bill is to clarify the respective roles of the State Land Use Commission and the county councils in approving government housing projects.

Act 93, Session Laws of Hawaii 1986, appears to indicate that the Land Use Commission would supersede the legislative body of the county in approving exemptions for Hawaii Housing Authority's housing projects, as well as any boundary changes in cases where a boundary change is necessary.

This bill deletes reference to the Land Use Commission in paragraphs 1, 2, and 3 of Section 359G-4.1, Hawaii Revised Statutes, to clarify that it is the county council's kuleana to grant or deny exemptions for government housing projects, and adds a paragraph 4 which states that it is the Commission's responsibility to approve or disapprove land use boundary changes.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 594, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Water, Land Use, Development and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 823 Housing and Community Development on S.B. No. 552

The purpose of this bill, as received by your Committee, is to allow the use of the State's Rental Assistance Program to subsidize rents in projects which are privately developed and financed pursuant to Part II of Chapter 356.

With the recent passage of the Tax Reform Act, there are very few incentives for private developers to construct low- or moderate-income rental housing projects. The State must therefore be relied upon to develop affordable rental housing.

One way to accomplish this is for the Hawaii Housing Authority (HHA) to finance the development of rental housing projects through the issuance of tax-exempt revenue bonds under the provisions of Section 356-27, Hawaii Revised Statutes. This, tied in with some form of rent subsidy (such as subsidies provided under the State Rental Assistance Program established under Part III of Chapter 356) would provide affordable rents for low and moderate income families, and would make the housing projects self-sustaining.

The executive director of HHA testified that the State's Bond Counsel and the Attorney General's office pointed out that under current law the Rental Assistance Program cannot be utilized in connection with HHA projects financed under Section 356-27, Hawaii Revised Statutes. 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, Hawaii Revised Statutes. (Section 356-27 is codified under Part I of this chapter.)

S.B. 552, S.D. 1, altered the original intent of the bill by proposing amendments which would allow the use of the Rental Assistance Program to subsidize rents in projects which are privately developed and financed pursuant to Part II of Chapter 356. This is what is already allowed under current law.

Your Committee has reinstated the original language of S.B. No. 552 to allow the use of the Rental Assistance Program to subsidize rents in projects developed and financed by the Hawaii Housing Authority under Part I of Chapter 356.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 552, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 552, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 824 Housing and Community Development on S.B. No. 1151

The purposes of this bill are to allow the Hawaii Housing Authority (HHA), on a case-by-case basis, to waive the ten year buy-back provision on certain dwellings without the restrictions being reinstated after transfer of title; to extinguish the buy-back 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; and to likewise extinguish the owner-occupant requirement under the same circumstances.

Your Committee received supporting testimony from HHA and the Department of Housing and Community Development and finds that the buy-back provision and owner-occupant requirements are necessary in order to prevent speculation in the

low cost housing market. Your Committee believes, however, that there are certain circumstances that do warrant the waiver of the buy-back and owner-occupant requirements such as when the housing market is depressed and circumstances dictate that an owner must leave or relocate to another state. Under these conditions, an owner would be compelled to sell the dwelling at a price which is far below its acquisition cost due to the imposition of the buy-back provisions relating to price and the negative impact of that provision on potential buyers of the dwelling. Additionally, the owner-occupant requirement would eliminate the opportunity for the owner to receive rental income during the period the dwelling is listed for sale. Your Committee believes that this measure will provide the flexibility that HHA needs to address these types of special circumstances that homeowners may undergo from time to time.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 1151, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 825 Intergovernmental Relations and Human Services on S.B. No. 5

The purpose of this bill is to establish a Department of Corrections which shall be responsible for the formulation and implementation of State policies and objectives for correctional programs and for the administration and maintenance of all correctional facilities and services. The bill provides for the transfer of the Criminal Injuries Compensation Commission, the Hawaii Criminal Justice Commission, the Hawaii Criminal Justice Data Center, the Corrections Division, the Intake Service Centers, and the Hawaii Paroling Authority to the Department of Corrections. The bill also transfers the functions relating to adult probation supervision and presentence investigations, and the correctional facility for required court appearances from the Judiciary to the Department of Corrections.

Your Committees find that the State corrections program has grown too large and too complex to remain under the umbrella of the Department of Social Services and Housing. To properly address the magnitude of the problems within the State corrections system, a separate department that can provide the focus and continuous attention the system desperately needs is essential.

Your Committees have amended the bill by deleting Section 6 of the bill relating to correctional industries since your Committees believe that this is not a function of the department.

Your Committees have also amended the bill to delete reference to the Hawaii Criminal Justice Data Center on page 3 of the bill. Your Committees feel that the Department of the Attorney General should retain control of the Hawaii Criminal Justice Data Center.

Your Committees also wish to note that the Committee on Human Services will review the juvenile justice system in the interim and will make further recommendations of this matter.

Your Committees on Intergovernmental Relations and Human Services are in accord with the intent and purpose of S.B. No. 5, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 5, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representatives M. Ige, Peters, Yoshimura and Jones.

SCRep. 826 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1758

The purpose of this bill is to provide to the Department of Planning and Economic Development (DPED) the authority to charge fees for services rendered and products provided by the Department.

Your Committee finds there is no existing statute which gives the Department authority to charge fees for products and services.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1758, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 827 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1753

The purpose of this bill is to allow the issuance of long-term residential leases to certain residents of Kahana Valley, Oahu, provided each lessee family participates in Kahana Valley State Park public interpretive programs. The Department of Land and Natural Resources would be authorized to negotiate the proposed leases and establish the role of each lessee family in establishing and operating interpretive programs.

Chapter 171, Hawaii Revised Statutes, requires leases of public land to be issued via public auction and does not authorize directly negotiated residential leases. However, the legislature has, from time to time, enacted special legislation to provide long-term leases to specific groups of people when the Legislature found unique situations for which such legislation was deemed to be in the public interest.

Your Committee received testimony in support of this bill from the Chairperson of the Board of Land and Natural Resources, among others, and finds that this bill would provide a means of allowing the establishment of a "living park" as part of the Kahana Valley State Park's cultural program. Your Committee also finds that the Legislature has expressed interest in this "living park" concept since 1971 through a number of bills and resolutions; and since the Kahana Valley residents have a culturally and historically valuable lifestyle which will contribute to public interpretive programs, the issuance of long-term residential leases to traditional valley residents will be in the public interest.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1753, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 828 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1154

The purpose of this bill is to support promising new ideas, new products and new processes. This bill, coupled with our expanded Hawaii Capital Loan Program, will greatly expand the range of financial options available.

Your Committee finds the Invention Development Program has been ineffective in the past due to requirements for collateral and ability to pay debt service. Further, there is a serious shortage of venture capital in the State.

Your Committee believes the Hawaii Innovation Development Program can fill the need for seed capital, create some effective business financing and hasten the formation of a private venture capital fund. We expect this fund to be able to help many innovative concepts through the development stage to become commercial ventures.

Your Committee has made a non-substantive amendment on page 1, lines 8 and 9.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1154, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1154, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 829 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 559

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to negotiate and enter into long-term leases with bona fide farmers who reside on Waimanalo farm lots.

Currently, Waimanalo farm lot residents hold revocable permits and lease State lands on a month-to-month tenancy.

Your Committee heard testimony in support of this bill and finds that many of the residents have lived and farmed these lands for two generations. It further finds that the temporary lease situation presents an economic hardship because farm improvement financing cannot be found with only a 30-day tenure on the property.

Your Committee has amended the bill to provide an additional year for leases to be negotiated and recorded. Your Committee has also made a non-substantive amendment on page 2, line 9.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 559, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 559, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 830 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1765

The purpose of the bill is to enable the transfer of park lands, including related improvements, personnel, equipment and other resources, between the State and each of the counties.

The Department of Land and Natural Resources, the City and County of Honolulu and the Sierra Club all testified in favor of the bill.

Your Committee finds implementation of this bill should reduce duplication and make park administration more efficient. Your Committee has made an amendment to clarify the content of the bill.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1765, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1765, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 831 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 998

The purposes of this bill are to amend Section 183D-29, Hawaii Revised Statutes, to delete the bonding requirement imposed on agents designated by the Department of Land and Natural Resources to sell hunting licenses, and to allow those agents to retain ten percent of the value of licenses sold.

The bonding requirement was originally established to provide the State with a form of security for the faithful accounting, collection, and payment of hunting licenses sold by authorized agents. The cost of fidelity bonds, however, has since risen from \$3.50 to \$30 per \$1,000 of coverage. The relatively high cost of the bonding requirement in relation to the licenses sold has been described by the Department as the major reason for the decline in the number of agents.

Your Committee finds that the cost of a hunting license as set by the Department is \$7.50 for residents and \$15 for non-residents and has not been increased in over ten years. During the same period, the commission rate for agents has been set at five percent. At this level, the various sporting goods and other general merchandising stores who act as agents cannot even hope to recover their costs of providing hunting licenses.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 998, S.D. 1, and recommends

that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 832 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1357

The purpose of this bill is to establish a user advisory board to advise the Division of Water and Land Development of the Department of Land and Natural Resources on matters of concern to the users of the Molokai irrigation system.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1357, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 833 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1643

The purpose of this bill is to enable the counties to institute a civil fine system for zoning violations, as an alternative to the criminal procedure presently in use.

Your Committee finds that the use of civil fines is effective, efficient and appropriate.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1643 S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 834 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 968

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to finance a hydroelectric powerplant on the Honolii stream in Hawaii County by the Mauna Kea Power Company, Inc.

Your Committee believes that energy self-sufficiency is in the public interest and therefore supports this measure. However, your Committee has no information about the environmental effects of this particular project. Therefore, its endorsement of the issuance of special purpose revenue bonds should not be interpreted as a finding that this particular project should be uniquely favored or given greater deference than would any other project which must go through appropriate hearings and evaluation prior to being granted permission by the State and County governments to proceed.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the purpose and intent of S.B. 968, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 835 Health on S.B. No. 630 (Majority)

The purpose of this bill is to provide a comprehensive statewide program to control smoking in places frequented regularly by the general public. 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 the State and County buildings, taxicabs when carrying passengers and other similar locations open to the general public.

Your Committee heard testimony from the Department of Health, the Hawaii Medical Association, Hawaii Public Health Association, Hawaii Nurses Association, the City and County of Honolulu and the Interagency Council on Smoking and

Health in support of this measure. They all agreed that clean indoor air acts are justified on the basis of protecting nonsmokers from the harmful effects of passive smoking. Testimony was also received from the Hawaii Food Industry Association and the Hawaii Business League in opposition to the government intruding into the private business sector.

Your Committee firmly believes that there is no reason for the great majority of our state to be irritated and at health risk from the smoke of others which pollute enclosed areas.

Your Committee has amended the bill as follows:

- (1) The restaurant seating capacity to invoke the smoking controls was changed from 50 to 40 persons;
- (2) The reference to retail store specific square feet was deleted;
- (3) A section was added to stipulate that nothing in this measure is meant to prohibit the counties from enacting ordinances more stringent than the controls outlined in this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 630, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 630, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Peters.
(Representative M. Ige did not concur.)

SCRep. 836 Health on S.B. No. 1007

The purpose of this bill is to specify the conditions under which informed consent for human immunodeficiency virus (HIV) antibody testing must be obtained.

This bill addresses the need to safeguard the disclosure of test information on having the HIV test or the results of this test to parties other than the individual being tested. The exceptions in the suggested revisions include (1) the testing of anatomical gifts to determine medical acceptability; (2) research; and (3) anonymous testing carried out at HIV test sites established by the Department of Health.

Your Committee received testimony from the Department of Health and the Life Foundation who also suggested that the reference to the antibody testing be deleted as there are now tests being developed to identify the HIV antigen as well. The Hawaii Medical Association also testified on this bill. Their testimony concerned the problems of placing the practicing physician, the person who orders the test, in a difficult situation when third parties, primarily insurance companies or employers, order the test and seek to have the results of the test.

Your Committee has amended the bill by deleting the reference to the antibody to allow for the antigen testing in the future.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1007, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1007, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 837 Health on S.B. No. 350 (Majority)

The purpose of this bill is to protect the public health and welfare of the population by controlling smoking in the office workplace. This will require employers to adopt and maintain smoking policies that, if possible, will accommodate the preferences of both smokers and non-smokers.

More and more information is becoming evident which links potential health risks

to the exposure of side stream, or secondhand, smoking. These health hazards may range from simple irritation to the increased probability for serious cardiovascular disease and possible carcinogenic effects.

Your Committee received testimony from many of those who also testified at the earlier hearings of the smoking control bills. The primary emphasis from those who supported this legislation was that the provisions deleting the private sector from the bill should be changed and that there should be no distinction between full-time and part-time employees. Those in opposition to the bill hoped the private sector would continue to be left out of the regulation of smoking in the workplace. They felt that this would constitute an unnecessary intrusion of government into the private workplace.

Your Committee feels that this is an area where health promotion and disease prevention should take foremost consideration. This bill does not prevent individuals from smoking in general only from exposing those others, in closed quarters and on a regular basis, who choose not to smoke.

Your Committee has amended the bill by reinstating the language to include the private sector in the regulation. In addition, the reference to part-time employees has been dropped.

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

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

Signed by all members of the Committee except Representative Peters.
(Representative M. Ige did not concur.)

SCRep. 838 Health on S.B. No. 1727 (Majority)

The purpose of this bill is to fluoridate the public water supplies in our State for the prevention of tooth decay and other dental caries.

Your Committee received a great deal of testimony, most of it the same as received during a previous hearing. There was a slight shift in emphasis by those opposed, centering on potential allergic reactions to fluoride, and the possibility of a referendum to decide the issue. Some additional documentation on both sides of the issue was also provided.

Your Committee has amended the bill to strengthen the public involvement in the decision to fluoridate, and to provide safeguards for those communities which are fluoridated. The amendments include:

(1) A restructuring of the bill to clarify the sequential process of first public meetings, then rule making and the required hearings on these rules, then referenda, then the submission of fluoridation plans;

(2) The establishment of a fluoridation "hotline" to receive questions and complaints;

(3) A county option for a referendum after the department adopts its rules. A county could put the issue on the ballot, and a NO vote would prohibit fluoridation in that jurisdiction for at least six years. Only a vote by the county council could then clear the way for fluoridation;

(4) Provision for the complete discontinuation of fluoridation if new scientific, medical or environmental evidence made it impossible to ensure the effectiveness or safety of fluoridation.

With these safeguards, your Committee feels this is a sensitive bill which speaks to the needs of the community, including the children who would be the primary beneficiaries of fluoridation.

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 S.B. No. 1727, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1727, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.
(Representatives M. Ige and Shito did not concur.)

SCRep. 839 Health on S.B. No. 994

The purpose of this bill is to update and strengthen the laws relating to communicable diseases and the manner in which they are reported. In addition, an appropriation has been added to fund research which will extend our knowledge about the spread of AIDS. This will guide policy makers in future programs to prevent the spread of this disease.

This bill will strengthen the ability of the Department of Health to reduce the severity and number of cases of communicable diseases in Hawaii in the following manner:

(1) By transferring the list of reportable diseases to the Administrative Rules of the Department of Health so that the Department may maintain better disease surveillance without having to ask the Legislature for a statutory revision every time a new disease becomes apparent;

(2) By including laboratory directors and all health care professionals in the disease reporting process under Section 325-2, Hawaii Revised Statutes, to enable the Department of Health to broaden the scope of surveillance and intervention and set priorities for the most effective manner of disease reporting; and

(3) By expanding Section 325-3 to allow the Director of Health to ascertain who shall be required to report diseases.

In addition this bill will allow for important research on the epidemiology of AIDS in Hawaii. AIDS is a significant and growing public health problem in the communicable disease arena. 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 therefore imperative we begin epidemiological studies to understand the spread of this disease.

Your Committee has amended the bill by changing all references to health care "provider" to "professional" to be consistent with the other language of the bill.

Your Committee has further amended the bill by adding an appropriation section for the Department of Health to fund, on a purchase of services basis, epidemiological research on the spread of AIDS in Hawaii. There is an appropriation of \$200,000 recommended for each Fiscal Years 1987-1988 and 1988-1989. In addition the date of effect of this bill has been changed to July 1, 1987.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 994, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 994, S.D.1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 840 Health on S.B. No. 518 (Majority)

The purpose of this bill is to provide health promotion and supervision services to children from birth through age five. This measure will require health insurance programs which provide coverage for a family member shall also provide coverage for child health supervision services.

The State has implemented a similar program under Medicaid, the Early and Periodic Screening, Diagnosis and Treatment Program, which provides supervision services to the children of eligible families. This bill will assure like services are available to the families covered under other health insurance programs. This is a program designed to provide preventive health care to children in their formative years.

Your Committee received testimony from the Department of Health, Hawaii Public Health Association, the Hawaii Medical Association and other physicians in support of this bill. These groups emphasized this additional coverage will add a strong prevention factor to the children's health development which will likely reduce illness and other health problems in later years. The Hawaii Medical Service Association testified that there is already a "well-baby" coverage provided under current family health plans and that any further coverage should be optional to the families rather than mandated for all insured to pay. They also pointed out that there is no consumer demand for this service and the primary proponents are the physicians who are most likely to gain under this mandated coverage.

Your Committee believes that health promotion and disease prevention services are important elements of a comprehensive health care delivery system and that early intervention with children will provide long-term benefits to the overall health of our population. Your Committee also believes that the provision for "nurse-delivered services" is also a cost-saving element of the bill and should be retained.

Your Committee has amended the bill to read that this coverage should be "provided" instead of "offered" and clarified the language to read "through" age five.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 518, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 518, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives M. Ige and Peters.
(Representative Cavasso did not concur.)

SCRep. 841 Health on S.B. No. 321

The purpose of this bill is to first, make housekeeping and technical corrections to Act 306, Session Laws of Hawaii 1986, which exempts amounts received for the sale of prescription drugs and prosthetic devices from the general excise tax; and second, to expand the definitions of exempt health devices.

This bill, in addition to the housekeeping adjustments, broadens the current definition of prosthetic device to include items such as wheelchairs, walkers, dentures, artificial intraocular lenses, hearing aids and pacemakers. These additions are consistent with earlier legislation designed to assist lower income and elderly persons with the cost of health aid devices.

Your Committee heard testimony from senior citizens groups, the Executive Office on Aging, the Hawaii Medical Association and others in support of this bill and the included items. The Department of Taxation provided testimony in support of the original housekeeping amendments.

Your Committee has amended the bill to include a set of housekeeping measures. In addition, "Health aid device or appliance" was added to the list of exempted items. Health aid device is defined to mean artificial intraocular lenses, hearing aid, dentures, wheelchairs, walkers and crutches and pacemakers.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 321, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 321, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 842 Health on S.B. No. 815 (Majority)

The purpose of this bill is to require that every legislative proposal to mandate health insurance coverage for specific services be accompanied by a report assessing the social and financial aspects of the proposed measure.

This measure proposes a process to evaluate the merits and costs of requested health insurance coverage. This bill is similar to legislation recently enacted in

other mainland states.

Your Committee received testimony in support of this bill from the Department of Health, Shiatsu and Reflexology therapists, the Legislative Information Service of Hawaii and the Hawaii Medical Services Association.

As suggested in the testimony from the Department of Health, your Committee has amended the provision for the dissenting report from health insurance groups "shall" be written instead of "may".

Although your Committee on Health agrees with the intent of this measure to establish a rational basis of evaluating the social and economic value of mandating health benefits, we are concerned about the financial burden on alternative health providers in conducting an impact study on the apparent validity of such a study if not conducted by an unbiased third Party. Your Committee requests that the Committee on Consumer Protection and Commerce consider these matters.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 815, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 815, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives M. Ige and Peters.
(Representative Tam did not concur.)

SCRep. 843 Health and Human Services on S.B. No. 515

The purpose of this bill is to establish a method to fund innovative child abuse and neglect prevention programs. This shall be funded through the appropriation of moneys raised through the adding of a surcharge on the fees for copies of birth certificates and marriage licenses.

This bill provides a mechanism for funding child abuse and neglect projects to prevent the incidence of child abuse and neglect in Hawaii. This measure will also help meet the need for increased community-based public education services.

It is felt that this bill will reduce the need for State intervention and State expense with regard to this problem through the funding of appropriate prevention programs.

Your Committees received testimony in support of this bill from the Department of Health, Social Services and Housing, Victim Kokua Services of the City and County of Honolulu, the Hawaii Medical Association, the Child Abuse and Neglect Coalition and others in support of this bill.

Your Committees believe that this is an innovative approach to funding child abuse and neglect projects, that will also be subject to the chapter 42 review process.

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 515, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 844 Housing and Community Development on S.B. No. 414

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 S.B. No. 414, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 414, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 845 Housing and Community Development on S.B. No. 1004

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 HHA in support of this measure.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 1004, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 846 Housing and Community Development on S.B. No. 1317

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 S.B. No. 1317 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 847 Housing and Community Development on S.B. No. 1723

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.

The HHA noted that while S.B. No. 1723 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 home buyers.

Your Committee finds 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.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 1723 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 848 Housing and Community Development on S.B. No. 58

The purpose of this bill is to allow a landlord to collect twice the monthly rent from a holdover tenant for as long as the tenant remains in possession of the rental unit if the landlord commences summary possession proceedings within the first sixty days of the holdover.

Under current law, a tenant who refuses to vacate a rental unit after the rental agreement expires or is terminated is liable for a sum up to twice the monthly rent but only up to one month. Further, the landlord's acceptance of rent in advance after the first month of holdover creates a month-to-month tenancy in the

absence of an agreement between the parties.

This bill deletes the one month limitation for liability for twice the monthly rent if the landlord commences an action for summary possession during the first sixty days of the holdover. Failure to commence the action within the first sixty days would result in the establishment of a month to month tenancy after the sixty days at the rental rate contained in the expired or terminated rental agreement.

Your Committee finds that the provisions of this bill are fair to both landlord and tenant. If a tenant retains possession of a rental unit against the wishes of the landlord, the landlord should be allowed to collect double rent for as long as the tenant is a holdover. However, a landlord should act promptly to regain possession of the unit and by not initiating court action within the first sixty days of the holdover indicates a lack of desire to end the holdover.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 58 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 849 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 492

The purpose of this bill is to permit counties to establish tax increment districts for planned high technology parks or telecommunications developments.

Currently, the counties are only authorized to establish tax increment districts to implement redevelopment or community development plans. This bill, as received by your Committee, would expand the county authority to designate such districts, thereby extending the benefits of tax increment financing to fund the costs of infrastructure and other improvements to those projects located in high technology parks and telecommunications developments.

Your Committee finds that high technology parks and telecommunications developments can provide significant economic benefits to a county by generating additional revenues and providing increased employment opportunities. Your Committee further finds that these financial incentives will help attract high technology firms to occupy these developments by helping to offset the costs of relocating to Hawaii or building new facilities.

Representatives from the Department of Planning and Economic Development, the High Technology Development Corporation, the Economic Development Corporation of Honolulu, the Maui Economic Development Board, the Hawaii Island Economic Development Board, and the Economic Development Council of the Chamber of Commerce testified in favor of this measure or the House companion bill previously heard.

Your Committee agrees that providing additional county power to fully utilize this innovative financing tool would be in the public interest and has amended this bill by expanding the scope of county authority to designate a tax increment district to any area which the county deems appropriate. Other technical, non-substantive amendments were made 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 S.B. No. 492, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 492, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 850 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 356

The purpose of this bill is to extend protection of instream uses of water to all streams in the State.

Your Committee received considerable testimony in support of the intent of the bill with several amendments suggested. Your Committee has incorporated the

suggested amendments of the Hawaii Sugar Planters Association (HSPA), Life of the Land, the Department of Transportation, and others, received during testimony on this bill and on the House companion bill heard earlier, as follows:

- (1) Insert reference to economic impact in Section 176D-4 (1)(C) and 176D-4 (2)(D).
- (2) Provide for notice to the mayor of the appropriate county in Section 176D-4 (1)(D) and 176D-4 (1)(E).
- (3) Provide in 176D-4 (3)(A) that no permit will be needed for maintenance of existing facilities or for projects already approved or under construction.
- (4) Establish a moratorium on new diversions of water until interim instream flow standards are adopted for the particular stream.
- (5) Provide an appropriation of \$235,000 to enable the Department of Land and Natural Resources to implement the provisions of this bill in a timely manner.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 356, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 356, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 851 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1726

The purpose of S.B. No. 1726, an administration bill, is to repeal Act 112, Session Laws of Hawaii, 1981, and to revise the manner by which the Department of Hawaiian Home Lands ("Department") is to handle payment of the net proceeds whenever a homestead lease is surrendered, cancelled, or terminated. Another purpose is to clarify the language of Section 209 of the Hawaiian Homes Commission Act because of the changes that have been made to that section at various times.

Your Committee finds Act 112, SLH 1981, has inconsistencies which make implementation of the Act impossible.

S.B. 1726 would repeal Act 112, SLH 1981, thereby removing the inconsistencies. More importantly, it would modify the method of handling the payment of proceeds for the value of the leasehold interest when a homestead lease is surrendered, cancelled, or terminated. The major change proposed is to allow the Department to use the Hawaiian Home General Loan Fund to pay the net proceeds on a cancellation, termination, or surrender of lease if the Hawaiian Home Loan Fund does not have available cash to make such payments.

Your Committee has made minor amendments for style and clarity.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1726, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1726, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 852 Ocean and Marine Resources on S.B. No. 997

The purpose of this bill is to amend Section 187A-10 of the Hawaii Revised Statutes by deleting the bond requirement required of fishing license agents.

Originally, the bill was 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 merchandise 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. The rate charged

for the fidelity bond in the past has been \$3.50 per \$1,000 of coverage. This rate has since increased to \$30.00 per \$1,000 of coverage, thus discouraging various agents from remaining as license agents. However, removing the fidelity bond requirement and giving the agents the option to prepay for the licenses will encourage agents to continue selling fishing licenses, thus maintaining this convenient method of obtaining fishing licenses.

The Department of Land and Natural Resources testified that S.B. No. 998, S.D. 1, Relating to the Sale of Hunting Licenses, raises the amount received by license agents from five percent to ten percent.

Your Committee has therefore amended this bill on page 2, line 3, to change the amount received by the fishing license agents to ten percent in order to maintain consistency with hunting license agents.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 997, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 997, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 853 Ocean and Marine Resources on S.B. No. 456

The purpose of this bill is to establish a specific category of small ocean vessels, to be known as "thrill craft". This bill would prohibit a person younger than fifteen years of age from operating a "thrill craft" and define an occurrence resulting in \$200, rather than \$100, worth of vessel damage as a "boating accident".

Your Committee finds that the protection of the public safety requires specific regulations for these craft, which have already been known to endanger their operators as well as other ocean users.

The Department of Transportation testified that restricting thrill craft use only in areas where there are problems with conflicting recreational use would be sufficient to address safety concerns.

Your Committee therefore does not find it necessary to prohibit all thrill craft operations in waters of the State, except in areas designated by the Department of Transportation.

For these reasons, your Committee has amended this bill by deleting Section (b) on page 1, lines 7-9, which would prohibit thrill craft in all State waters except those designated by the Department of Transportation. Your Committee has also deleted number (4) on page 5, lines 13-14, to maintain consistency.

Your Committee has further amended this bill to increase the length of small vessels to be included in the definition of "thrill craft" from ten feet to thirteen feet, to maintain consistency with the new Coast Guard regulations.

Your Committee has also amended this bill to include the phrase "but is not limited to" on page 2, line 4, so that forms of thrill craft that may later be developed or that are referred to by different names may be included in the definition.

In addition, your Committee has made a technical, nonsubstantive amendment on page 5 to make the section numbers consistent.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 456, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 456, S.D. 1, H.D. 1, and be referred to the Committee on Transportation.

Signed by all members of the Committee.

SCRep. 854 Ocean and Marine Resources on S.B. No. 434

The purpose of this bill is to amend Section 189-16 of the Hawaii Revised Stat-

utes (HRS) to include a general penalty for the violations of sections within Chapter 189, Part 1, HRS, for which a penalty is not otherwise provided, or of any rules promulgated by the department of land and natural resources under this section.

The Department of Land and Natural Resources testified that this is a "house-keeping" measure to correct the inadvertent repeal of certain penalties which resulted from an organizational change in the department which separated aquatic from wildlife resources functions.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 434 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 855 Ocean and Marine Resources on S.B. No. 435

The purpose of this bill is to prohibit the disposal of fishing nets, traps, or fishing gear with netting, or parts thereof, in the waters of the State.

Your Committee finds that discarded portions of fishing nets and other fishing gear are a hazard to navigation and a serious environmental problem, trapping and killing birds, fish, turtles, and other forms of marine life. The nets, made of long-lasting monofilament nylon and other synthetic materials, are not biodegradable in the ocean and continue to pose a hazard long after they have been thrown into the ocean.

The Department of Land and Natural Resources testified that this bill would reinforce the antilitter law by amending Chapter 188 of the Hawaii Revised Statutes to specifically refer to fishing gear.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 435 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 856 Ocean and Marine Resources and Tourism on S.B. No. 1274

The purpose of this bill is to create a Governor's task force on ocean resources tourism development to study how the natural beauty of Hawaii's coastal areas, beaches, and near-shore ocean waters might be preserved, restored, and enhanced for the promotion and development of the ocean recreation and tourism industries.

This bill would require the task force to submit its recommendations to the Legislature prior to the 1988 and 1989 regular sessions and would provide an appropriation of \$20,000 to be expended by the task force to carry out its work.

Your Committees find that the natural resources of the coastal areas are finite and that increased usage of these resources without proper coordination and planning may result in their diminishing value to the residents of our State and as visitor attractions.

Your Committees have amended this bill to expand the membership from three appointed members to eight; two each from the following groups: the Department of Planning and Economic Development's Ocean Resources Office, the Department of Land and Natural Resources, the Hawaii Visitor's Bureau, and the University of Hawaii.

Your Committees on Ocean and Marine Resources and Tourism are in accord with the intent and purpose of S.B. No. 1274, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1274, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Jones.

SCRep. 857 Housing and Community Development on S.B. No. 1729

The purpose of this bill is to control the rental of private residences to groups of unsupervised or unrelated individuals by more clearly defining the types of facilities which will require county licensure.

Your Committee received testimony from the Department of Health, State Planning Council on Developmental Disabilities, Commission on the Handicapped, City and County of Honolulu, Catholic Charities, Hawaii Centers for Independent Living, and John Howard Association of Hawaii. Most of the testimony supported the general intent of the bill. However, several agencies expressed concerns about some of the provisions contained in the bill.

In addition, 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.

To address such concerns and to further strengthen the county's inspection powers, your Committee has amended the bill as follows:

(1) Authorized the counties to inspect lodging or tenement houses, group homes, group residences, group living arrangements, hotels, boardinghouses, and restaurants to ensure that these facilities are properly licensed and in compliance with the conditions specified in their county licenses by providing that: (1) 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, or (2) a county may 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;

(2) Redefined hotel by adding the words "or buildings" to cover those situations where a hotel might consist of several buildings;

(3) Specified that clearances for building and zoning codes are required for initial licenses and not for subsequent renewals;

(4) Clarified that no person engaging in acts of prostitution shall be allowed to reside in such facilities;

(5) Required the police and agents of the respective county building departments to inspect such facilities;

(6) Required a licensee to maintain records of tenants, lodgers, or boarders;

(7) Provided that no facility shall purport to deliver health care services unless licensed, certified, or contracted by the State; and

(8) Increased the penalties to not less than \$1,000 nor more than \$5,000 per day of violation for each violation.

Your Committee has made other technical, nonsubstantive amendments to the bill for purposes of style and clarity and to correct technical drafting errors.

Your Committee 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.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 1729, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1729, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 858 Human Services on S.B. No. 1451

The purpose of this bill is to extend the Nursing Home Without Walls Project for

two years. In addition, this bill changes the status of the project to a program, adds clients certified as requiring "acute" care as eligible to enter the program, deletes the exception which allows the ceiling to be raised on total program expenditures for Hawaii, Kauai, and Maui counties, and deletes the waiver of licensing or certification requirements for the program.

Your Committee finds from testimony presented in support of this measure that this project, which was established in 1983, has been successful in providing comprehensive in-home services for chronically ill and disabled residents of Hawaii. It has enabled such individuals to remain in their homes and independent of costly institutionalization as long as possible.

Your Committee has adopted the recommendations of the Department of Social Services and Housing and has amended page 3 of the bill by deleting the "," on line 15 and "health care administration division" on line 16.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1451, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No 1451, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 859 Human Services on S.B. No. 533

The purpose of this bill is to establish an offender family service center near the Oahu Community Correctional Center which would contribute to the frequency and quality of family visits to inmates of the facility.

Your Committee heard testimony in support of this measure. Your Committee agrees that the maintenance of strong family and community ties is essential to prisoners while incarcerated and may serve to discourage violent prisoner activity, assist in assuring a more successful transition back to society, and reduce recidivism. Your Committee finds that prison visitation is the major means of keeping these valuable relationships alive. Enhancing services to prison visitors will provide much needed assistance to families who are visiting incarcerated relatives, and will increase the frequency and quality of these visits.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 533, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 860 Human Services on S.B. No. 454

The purpose of this bill is to allow the Director of Social Services to deduct up to ten percent of moneys earned by an inmate annually, including interest earned on those moneys, 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 by providing for a consistent ten percent annual restitution payment to victims, and Section 1 of the bill has been amended

accordingly. Your Committee has also made a technical, nonsubstantive amendment to the bill for the purpose of clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 454, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 454, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 861 Human Services on S.B. No. 1149

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.

Your Committee heard testimony from the Department of Social Services and Housing indicating that 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 S.B. No. 1149 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 862 Human Services on S.B. No. 1657

The purpose of this bill is to authorize the Office of the Governor to establish a demonstration project on the Waianae Coast of Oahu to improve the delivery of health and human services by: (1) fostering improved communication and cooperation among public and private agencies; (2) establishing a personnel and equipment pool for existing programs; (3) assessing the need for a community-based planning and development staff; and (4) initiating and developing needed new projects.

Your Committee received testimony indicating inefficiencies within the statewide health and human services delivery system may be created by duplication of services among various public and private agencies. Moreover, there is a possibility that certain critical needs of residents are not being met because of the existence of gaps in the continuum of existing services. It is the intent of your Committee to reduce duplication of services, to encourage efficiency and cost-effective programs, and to create new essential services that are needed.

The Waianae Coast was chosen for this demonstration project because it is an area where residents have demonstrated a need for certain essential services. Moreover, it is noted that these residents have the potential to develop a public-private base to improve the delivery of services to the area. And finally, since the Waianae Coast is an easily identifiable geographical region, data gathering and an evaluation of this project will be facilitated.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1657, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 863 Human Services on S.B. No. 1431

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 efforts and functions of the council have been limited, however, because of lack of staff and operating funds. Also, there is no one agency in the State which coordinates interpreter services for the hearing impaired.

Your Committee agrees that the hearing impaired should have a permanent council with full-time staff that can properly attend to the needs of the hearing impaired through research, program development, and coordination of resources and services.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1431, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 864 Human Services on S.B. No. 1458

The purpose of this bill is to amend Section 349C-3, HRS, to authorize Department of Social Services and Housing (DSSH) employees 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 DSSH'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 DSSH, 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 DSSH to properly carry out its investigation and will serve to protect vulnerable elderly persons of the community.

Your Committee is concerned, however, that there be an appropriate division of authority and responsibility based on the respective skills and training possessed by the police and DSSH employees. Therefore, your Committee has amended the bill to reflect the Committee's intent that the police, not DSSH employees, shall have the power of forcible entry and that the DSSH employees' role shall be limited to investigating complaints of elderly abuse and neglect.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1458, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1458, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 865 Human Services on S.B. No. 909

The purpose of this bill is to require that the Department of Social Services and Housing provide substance abuse treatment for persons committed to State correctional facilities.

Your Committee received testimony from the Department of Health, the Department of Social Services and Housing (DSSH), and the Traffic Division of the City and County of Honolulu Police Department in support of this measure. Your Committee agrees that substance abuse treatment should be provided for inmates with substance abuse problems in order that they may be given the opportunity to change their behavior and overcome such problems. This bill will ensure that substance abuse treatment is provided and will provide the DSSH with flexibility in determining how such treatment is to be provided.

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

S.B. No. 909, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 866 Human Services on S.B. No. 1530

The purpose of this bill, as received by your Committee, is to add a new section to the laws of the State of Hawaii to restrict access to all State correctional facilities through the posting of signs and the requiring of permission to enter the facility grounds. Violation of this section would be a misdemeanor.

Your Committee heard testimony from the Department of Social Services and Housing (DSSH) in support of this measure. Your Committee agrees that correctional facilities and the grounds that surround them should be areas prohibited from normal public access and that by adding this specific section, the DSSH would be better equipped to protect the grounds from outside intruders.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1530, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 867 Consumer Protection and Commerce on S.B. No. 808

The purpose of this bill, as received by your Committee, is to appropriate \$100,000 to the Office of the Legislative Auditor to conduct a study on the provisions of S.B. No. 808, S.B. No. 1335, and S.B. No. 1297. The proposals in these bills include repealing the "take-all-comers" provision of the no-fault law, allowing age and length of driving records as permissible rating basis, providing an anti-stacking clause, and expanding the joint underwriting plan.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs, the Hawaii Insurers Council, the Hawaii Independent Insurance Agents Association and an auto insurance consumer.

Your Committee sympathizes with the concerns of those presenting testimony, but finds that it is more appropriate to focus the subject of the feasibility study to the motor vehicle insurance fund. Accordingly, your Committee has amended the bill by providing that the feasibility study should encompass the subject matter of S.B. No. 1335 and H.B. No. 1928, similar bills which establish a motor vehicle insurance fund.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 808, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 808, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 868 Consumer Protection and Commerce on S.B. No. 348

The purpose of this bill, as received by your Committee, is to ensure the minimum competency of individuals practicing respiratory care in order to protect the consumer, and requiring that certification from the National Board of Respiratory Care (NBRC) be made mandatory in order to practice in this State. This bill would:

1. Place the regulation of respiratory therapy under the Board of Medical Examiners;
2. Require certification as a condition for practicing and require that certification and recertification applicants hold a certificate from the NBRC and meet standards set by the Board of Medical Examiners;
3. Require certification applicants to take an examination every four years and

provide proof of successful completion;

4. Require the Board to provide standard certification application forms, renewal procedures, fees, and administrative sanctions;

5. Authorize the Board to establish an advisory committee of practicing respiratory therapy technicians to assist the Board in the performance of duties under the new part created by this measure;

6. Authorize the Board to adopt rules necessary to implement this measure; and

7. Provide for an effective date of July 1, 1988.

Your Committee received testimonies from the Department of Commerce and Consumer Affairs, Board of Medical Examiners, American Lung Association of Hawaii, and Hawaii Society for Respiratory Care.

Your Committee is aware of the concerns of individuals regarding protecting the public from harm as well as the Legislative Auditor Report 86-10 which indicates that the certification program for respiratory therapy practitioners provided by the National Board for Respiratory Care (NBRC) is an adequate indicator of minimal competence, and that the certification is voluntary. Your Committee is; however, concerned that the Board of Medical Examiners is reluctant to assume the responsibility of regulating the certification and recertification of respiratory therapy technicians. Your Committee feels, that until an agreement can be reached with the Board of Medical Examiners and the respiratory therapy technicians as to the scope of practice and regulation of this profession, your Committee is reluctant to place this responsibility on the Board.

Your Committee has amended the bill by deleting the substance and replacing it with a new part to chapter 453, Hawaii Revised Statutes, which would require that a respiratory therapy technician hold a certificate from the National Board for Respiratory Care (NBRC) as a Certified Respiratory Therapy Technician (CRTT).

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. 348, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached as S.B. No. 348, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 869 Consumer Protection and Commerce on S.B. No. 539

The purpose of this bill is to amend appropriate statutory provisions to require that current liquor license fees be justified by a direct and proportionate relationship to the respective county liquor commissions' expenses. It also specifies that only increases in the liquor license fee structure, rather than changes, must be approved by the county's legislative body and Mayor, and to require that the liquor commissions conform their fees with the new statutory requirements, and that excess fees collected be returned or credited to the licensees.

Your Committee has received testimony from the Hawaii Hotel Association, the Retail Liquor Dealers Association, and the Liquor Dispensers of Hawaii. Testimony indicated that Neighbor Island counties have been collecting license fees in excess of the amount needed for the operation of the counties' liquor commissions.

Your Committee has made some technical, non-substantive amendments to correct drafting errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 539, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 539, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 870 Consumer Protection and Commerce on S.B. No. 554

The purpose of this bill is to ensure the continuation of the special fund of the Business Registration Division of the Department of Commerce and Consumer Affairs by repealing the repeal clause which would eliminate the fund on July 1, 1988. It also adjusts and increases the special handling fees provided for in Section 415-128 and 415B-155 of the Hawaii Revised Statutes. The references in Sections 482-2 and 482-3 to the special fund were also amended.

Your Committee has received testimony from the Business Registration Division of the Department of Commerce and Consumer Affairs in support of the bill. The special fund was established from the handling fees for processing business registration documents and used by the Division to employ two temporary business registration assistants.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 554, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 871 Consumer Protection and Commerce on S.B. No. 1288

The purpose of this bill is to authorize the Real Estate Commission to invest and reinvest sums deposited into the real estate education fund, which may be combined for investment purposes with the real estate recovery fund, in the same manner as the funds of State Employees' Retirement System. The Commission is required to keep separate accounting records of the funds.

The bill further provides that the Commission and the Director of the Department of Commerce and Consumer Affairs may use the sums in the real estate education fund to employ additional personnel, not subject to chapters 76 and 77 of the Hawaii Revised Statutes.

Your Committee has received testimony from the Real Estate Commission and the Hawaii Association of Realtors in support of the bill.

Under present law, the Commission may invest sums in the real estate recovery fund but there is no provision concerning investment of the sums of the real estate education fund. This bill will facilitate the management and investment of both funds in order to get the best return on the investments.

Your Committee has considered the Commission's request to fund new personnel with the real estate education fund, but questions whether this is the most appropriate way to address the problem of contract workers. Accordingly, your Committee has amended the bill by deleting this provision.

Your Committee has also made technical, nonsubstantive amendments for purposes of style and accuracy.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1288, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1288, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 872 Consumer Protection and Commerce on S.B. No. 35

The purpose of this bill is to authorize the Commissioner of Financial Institutions to license foreign banks and to establish the criteria for which a foreign bank may maintain representative offices, nondepository agencies, and depository agencies.

This bill also appropriates funds for the creation and operation of a temporary commission for the promotion of international and foreign banking in the State of Hawaii which shall be expended through the Office of the Governor.

Your Committee has received testimony from the Commissioner of Financial Institutions, the Department of Planning and Economic Development, the Department of Taxation, and the Hawaii Bankers Association in support of this bill.

Your Committee finds that promoting international banking in the State of Hawaii will enhance the state's economic ability and will contribute to the state's development as an international business center. Furthermore, licensing all foreign banking entities doing business in the State will subject them to the same State regulatory examination, supervision, and restraints as the other licensed financial institutions.

Your Committee has amended the bill as follows:

1. Increased the amounts of fees pursuant to recommendations by the Commissioner;
2. Deleted subsection (c) of Section 32 in page 18 of the bill because the provision referred to foreign banks with a majority-owned subsidiary transacting business in the State, which has not occurred in this State.
3. Deleted in page 23, Section 37 of the bill, obsolete references to the Depository Institutions Deregulation Committee and Regulation Q and provided that the depository agency shall be subject to applicable federal deposit regulations.
4. Deleted the creation of a temporary commission and replaced the promotion of foreign banking within the Department of Planning and Economic Development rather than the Office of the Governor because your Committee finds that the department is more appropriate to implement the promotional program;
5. Required the Department of Planning and Economic Development to provide the Legislature, at least twenty days prior to the start of the 1988 legislative session, a report of its promotional program to encourage international and foreign banking in the State of Hawaii.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 35, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 35, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 873 Consumer Protection and Commerce on S.B. No. 361

The purpose of this bill as received by your Committee is 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 and interested parties in support of this bill.

Your Committee has amended Section 17, in page 27 of this bill, by requiring that rate filing be filed with the Commissioner at least sixty days before the proposed effective date of the filing rather than thirty days. The Commissioner has testified that this will avoid the prospect of insurers having to process refunds to affected policyholders, if the revised filing plan already in effect when the Commissioner has determined the revised filings, are excessively high and need to be adjusted.

Your Committee also amended Section 26, page 43 of this bill, by providing that this Act shall take effect only if H. B. No. 410, H. D. 1, becomes an Act.

There are also technical, nonsubstantive corrections to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 361, S. D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. 361, S. D. 3, H. D. 1, and be referred to the Committee on Finance.

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

SCRep. 874 Consumer Protection and Commerce and Judiciary on S.B. No.
616

The purpose of this bill is to authorize a private detective or guard employer or prospective employer to conduct a criminal history check of prospective and new employees through the Hawaii Criminal Justice Data Center upon the written authorization of the employee or prospective employee. The bill also requires that the employer or prospective employer certify to the Board of Private Detectives and Guards that the authorization is authentic, and that the employee or prospective employee is or will be employed in a guard or investigative capacity.

The bill also appropriates \$18,000 to the Hawaii Criminal Justice Data Center for the hiring of additional staff to meet the information demands created by this bill.

Your Committees received testimony from the Department of the Attorney General and the Police Department of the City and County of Honolulu in support of this bill.

Under present law, applicants for licensure as private detectives or guards or employees of those licensed agencies are required to undergo criminal history checks, which are conducted by the county police departments. This bill will transfer this function to the Criminal Justice Data Center of the Department of the Attorney General.

Your Committees find that this transfer will impose additional responsibility on the Hawaii Criminal Justice Data Center and, therefore, have amended the bill by applying the appropriation to the creation of a permanent position in accordance with the requirements of chapters 76 and 77 of the Hawaii Revised Statutes.

Your Committees have also made technical, nonsubstantive changes to this bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 616, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 616, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Jones.

SCRep. 875 Tourism on S.B. No. 735

The purpose of this bill is to: (1) provide that \$2.5 million from the proceeds of the transient accommodations tax in each of the fiscal years 1987-1988 and 1988-1989 be placed in a separate account in the general fund for expenditures necessary to host the America's Cup and (2) appropriate the sum of \$100,000 for the support of the 1990 America's Cup yacht race in Hawaii waters.

Testimony received by your Committee has all been in favor of this bill. Your Committee believes that the economic benefits of bringing millions of outside dollars into our State offer a strong argument for investment of State money into efforts to bring the America's Cup to Hawaii. Further, world-wide exposure to potential visitors would be gained, as well as long-needed maritime infrastructure which can be used by our citizens after the race is over. Therefore, your Committee believes that the Legislature should demonstrate its commitment and willingness to financially support the efforts to bring America's Cup to Hawaii by acting favorably on this measure.

Upon further consideration, your Committee has amended this bill as follows:

- (1) A new Section 1 has been added to delineate the purpose of the bill,

i.e., to express strong legislative support for the efforts to bring the America's Cup to Hawaii so that other contenders will be convinced that Hawaii's government, as well as its citizens, stand solidly behind our bid to host the race.

(2) Section 1 of the bill has been renumbered Section 2. This section has been amended by deleting the requirement that \$2.5 million from the proceeds of the transient accommodations tax in each of the fiscal years 1987-88 and 1988-89 be placed in a separate account in the general fund for expenditures necessary to host the America's Cup. Instead your Committee, responding to testimony submitted by the Department of Planning and Economic Development, has substituted language appropriating \$1,000,000 from the general revenues of the State for support of the 1990-91 America's Cup in Hawaii which shall be utilized for detailed site planning, design, cost estimating and promotion.

(3) Section 2 of the bill has been renumbered Section 3. In the new Section 3 of the bill, your Committee has appropriated out of the general revenues of the State the sum of \$300,000 for fiscal year 1987-88 for the support of the 1990-91 America's Cup in Hawaii which shall be utilized for the development of an environmental impact statement as well as for necessary planning, analysis, and promotion.

(4) Other sections have been renumbered and technical amendments have been made for consistency.

Your Committee on Tourism is in accord with the intent and purpose of S.B. No. 735, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 735, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Crozier and Jones.

SCRep. 876 Tourism on S.B. No. 1712

The purpose of this bill is to make housekeeping and technical amendments for the consistent imposition of the transient accommodations tax.

This bill, in most part, is an administration proposal, formulated after discussions with affected taxpayers, to clarify certain provisions and applications of the transient accommodations tax.

Your Committee has amended this bill by adding the following language to the end of line 2 on page 8:

"The words "gross rental" or "gross rental proceeds" shall not be construed to include the amounts of taxes imposed by this chapter on operators of transient accommodations and passed on, collected, and received from the consumer as part of the receipts received as compensation for the furnishing of transient accommodations."

The addition of this language to Section 237D-2(a), Hawaii Revised Statutes, stipulates that the words "gross rental" or "gross rental proceeds" for purposes of the transient accommodations tax shall not include any amount passed on, collected or received as part of the receipts received from furnishing transient accommodations.

The rationale for this amendment has been adequately explained by your Committee in House Standing Committee Report No. 198. However, your Committee would like to reiterate that it is already acknowledged that the transient accommodations tax is an additional tax on a particular type of activity, therefore, 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 also amended this bill by adding the following language to page 6, line 9, between the words "houses" and "for":

"or other place in which lodging are regularly furnished to transients"

This amendment was recommended by the tax department as necessary to correct a drafting oversight thereby making the definition of "lease" consistent with

the definition of "transient accommodations" for purposes of the transient accommodations tax.

Finally, your Committee has amended Section 18 of this bill by providing that Section 3 shall take effect on July 1, 1987 and not be retroactive to January 1, 1987.

Your Committee on Tourism is in accord with the intent and purpose of S.B. No. 1712, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1712, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 877 Agriculture on S.B. No. 351

The purpose of this bill is to include swine and goats to the provisions of Section 142-68 of the Hawaii Revised Statutes, relating to fines for continued trespassing by animals.

Your Committee finds that the bill also repeals Section 142-67 of the Hawaii Revised Statutes, which allows 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 S.B. No. 351, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Fukunaga.

SCRep. 878 Agriculture on S.B. No. 91

The purpose of this bill is to formally repeal statutory language which gives the Board of Agriculture the authority to grant exemptions from real property taxes to owners of property suitable for raising certain fruits and nuts.

Your Committee finds that due to the 1978 constitutional amendments which transferred the real property tax functions to the counties, it is inappropriate to continue to have the Board of Agriculture statutorily authorized to grant exemptions from real property taxes as provided in Chapter 154 of the Hawaii Revised Statutes.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 91 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.

SCRep. 879 Agriculture and Water, Land Use, Development and Hawaiian
Affairs on S.B. No. 981

The purpose of this bill is to include, among the duties of the Department of Agriculture, the planning, development, and management of agricultural park projects.

Your Committees find that Act 222, Session Laws of Hawaii, 1986, transferred the agricultural park functions from the Department of Land and Natural Resources to the Department of Agriculture. This "housekeeping" measure will conform the general duties of the Department of Agriculture to include administration of agricultural park projects. The bill also makes clarifying language changes in Section 141-1 of the Hawaii Revised Statutes.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 981, S.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 880 Education on S.B. No. 304

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 S.B. No. 304 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 and Say.

SCRep. 881 Education on S.B. No. 625

The purpose of this bill is to create a task force for the purpose of advising the Legislature on the feasibility of establishing a teacher certification board for public school teachers.

Your Committee heard testimony from the Department of Education questioning the need for a task force or a certification board for teachers since the Department already has a program for teacher certification. The Hawaii State Teachers Association, however, testified before your Committee in support of this bill stressing the need to ensure that teaching certification standards are of the highest quality.

Your Committee agrees that the issue of improving the quality of teaching is more important today than ever before, and that the teaching profession itself must be responsible for establishing and maintaining the highest standards. In light of the proposals for educational reform, it is timely to discuss professionalism in teaching.

Your Committee has amended the bill as follows:

(a) The task force has been enlarged to thirteen members by adding one member from the Board of Education and one member from the Board of Regents of the University of Hawaii.

(b) The members of the task force shall be reimbursed for travel expenses necessary to their duties. An appropriation of \$15,000 has been added to the bill for this purpose.

(c) The task force will be responsible for investigating the possibility of establishing a certification board for all teachers in the State, rather than only public school teachers.

(d) The task force will report within ten days after the convening of the 1988 regular session of the Legislature, and will cease to exist ninety days after the submission of its report.

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

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

SCRep. 882 Education on S.B. No. 787

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.

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.

This bill, as received by your Committee, would not cover custodians, cafeteria, and maintenance workers employed by or under the control of the Department of Education. We find that such workers should be covered since they are required to report under the provisions of Section 296-71, HRS. The bill has been amended accordingly.

The bill has also been amended to include persons hired by the Department of Education on a contractual basis if the contractor is carrying out an educational function.

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.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 787, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 787, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 883 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 1627

The purpose of this bill is to clarify the activities related to interstate or foreign commerce which are exempt from Hawaii's general excise and use taxes. More specifically, these activities are the stevedoring business of loading and unloading cargo, freight forwarding activities, tugboat services, and harbor transportation activity.

Your Committee received testimony from the Department of Taxation, Tax Foundation, and Hawaii Stevedores, Inc. about the impact of the proposed tax exemptions.

To address the concerns raised by the Department of Taxation and the Tax Foundation, your Committee has amended the bill by deleting the provisions relating to exempting freight forwarding activities and exempting importation or use of property described in Section 237-24(21).

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1627, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1627, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Bunda.

SCRep. 884 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 548

The purpose of this bill is to give the Office of Hawaiian Affairs the right to acquire kuleana lands by escheat.

Your Committee heard testimony supporting the principle that when legal heirs of owners of kuleanas cannot be found, the intestate estate should not pass to the surrounding land owner. Testimony was received recommending that intestate kuleanas should pass to the Office of Hawaiian Affairs. The Committee also received testimony stating that the provision that the kuleana be held in trust by OHA until an heir can be found is inappropriate because the court action dealing with an intestate estate will itself establish whether there are any heirs.

Your Committee agrees that the escheat of kuleana lands should not benefit the owner of the surrounding ahupua'a. However, your Committee is not convinced that the land should pass to OHA. As one example, the land might well have been last owned by a non-Hawaiian, and it is difficult to justify passing that parcel to OHA as opposed to the State in general.

Your Committee has amended S.D. No. 548, S.D. 2, to treat kuleanas the same as all other land which passes intestate without heirs and have that land escheat to the State.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 548, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 548, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 885 Planning, Energy and Environmental Protection and Agriculture
on S.B. No. 1164

The purpose of this bill is to update Chapter 149A, HRS, and to provide stricter regulations on the purchase and use of pesticides in Hawaii.

Specifically, this bill will do the following:

- (1) Make it unlawful to use distribute or seel any pesticide not licensed in Hawaii;
- (2) Update Section 149A-31, HRS, to insure its conformance with the Federal Insecticide, Fungicide and Rodenticide Act;
- (3) Authorize the Department of Agriculture to suspend the use of a pesticide should there exist a potential of unreasonable adverse effects to the environment; and
- (4) Require large quantity pesticide users to maintain records of pesticide applications.

Your Committees have amended this bill by eliminating the proposed amendment to Section 149A-32.5, HRS, which appears on page 35, line 1 of the bill. Your Committees find that the proposed replacement of the phrase "is deemed to" with the word "may" will lead to problems of misinterpretation. Your Committees feel that a pesticide should show some unreasonable adverse effects on the environment as a condition to the cancellation of its use.

Your Committees have further amended this section by deleting the Senate Planning and Environment Committee's proposed amendment to Section 149A-32.5 (1) on page 35, line 6. Your Committees find that this amendment does not address the problem of pesticides found in drinking water for which there are no maximum contaminant levels established by the Federal Environmental Protection Agency. Furthermore, if the Department of Agriculture acts only after the pesticide concentration has reached or surpassed the maximum contamination level, it could conceivably have allowed large amounts of pesticides to be applied to the soil between the time a pesticide was first detected in the drinking water and the time the Department could take appropriate action.

Your Committees on Planning, Energy and Environmental Protection and Agriculture are in accord with the intent and purpose of S.B. No. 1164, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1164, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 886 Transportation on S.B. No. 162

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 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. This existing practice creates an inequitable situation, as the City and County of Honolulu receives all of the initial registration revenues, while 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.

However, your Committee finds that the bill as received may create a negative impact on public utility companies. To deal with workload peaks, public utilities frequently assign Oahu-based personnel and motor vehicles to the Neighbor Islands on a temporary basis. These assignments typically involve specialized construction equipment which are required for an average duration of two to three months.

It is conceivable that even the temporary assignment of vehicles would require that they be re-registered in another county if located there on the date the existing registration expires. Tracking these vehicles would create a substantial administrative burden on a company due to the staggering of motor vehicle registration renewals throughout the year. Some utility companies are not the legal owners of their fleets and transferring a registration to another county would necessitate obtaining the approval of the legal owner.

Your Committee has therefore amended Section 1 of the bill to exclude vehicles which are transferred temporarily to another county for a period of no more than three months from the requirement to register in the county in which the vehicle is temporarily located.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 162, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 162, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Jones.

SCRep. 887 Transportation on S.B. No. 1748

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.

As received by this Committee, the bill proposed initial registration fees of \$10 for vessels less than twenty feet and \$30 for vessels twenty feet or more in length. Testimony presented by the Department of Transportation, however, indicated that since eighty percent of all new vessel registrations are for vessels less than twenty feet in length, the revenues which would be generated by the proposed fee structure would not be sufficient to meet the cost of administering the program. In this regard, the Department of Transportation indicated that fees of \$15 for vessels less than twenty feet and \$20 for vessels twenty feet or longer would provide the necessary revenues, as well as be more commensurate to the work required to process the initial registration for these vessels.

In order to assure that vessel registration fees and charges generate the necessary revenues to meet the anticipated costs of future vessel registration activities, your Committee has amended this bill to provide that the initial registration fee shall be \$15 for vessels less than twenty feet long, and \$20 for vessels twenty feet or more in length.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1748, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1748, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 888 Transportation on S.B. No. 1750

The purpose of 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 through January 1, 1993.

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 has amended this bill to remove the proposed repeal date of January 1, 1993 to provide the Department with the needed flexibility to adjust for changes in program costs on a permanent rather than temporary basis.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1750, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1750, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 889 Transportation on S.B. No. 795

The purpose of this bill is to amend the statutory provision which forbids the fraudulent use of vehicle license plates to include tax decals and safety check stickers as well.

Your Committee finds 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 and deter these offenses. The Department of the Prosecuting Attorney, City and County of Honolulu, provided testimony in support of this bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 795 and recommends that it pass Second Reading and be referred to the

Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 890 Transportation on S.B. No. 1172

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 authorizing the Governor to modify the hours of public and private schools, including colleges and universities, located within the geographical boundaries of the Honolulu school district, after consultation with affected private schools and after demonstrating a rational basis for such action.

In addition, this bill would require all public contracts awarded under Chapter 103, HRS, to take into consideration the extent to which work undertaken pursuant to the contract will increase traffic congestion during peak traffic hours, and where appropriate, to include provisions to reasonably minimize any adverse impact.

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 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 awarded under Chapter 103, HRS, should consider the extent to which the work undertaken pursuant to the contract will increase traffic congestion during peak traffic hours and, if necessary, contain provisions to reasonably minimize any adverse impact. 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.

Your Committee further finds that modifying the hours of public schools, private schools, colleges, and universities is a viable and effective approach to reducing peak period traffic congestion. However, your Committee finds that it is not appropriate, at this time, to grant the Governor statutory authority to set private school hours, as efforts should first be made to encourage the cooperation 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 authority to the Governor to modify hours of private schools, and has removed other references to the modification of private school hours throughout the bill for the purpose of consistency.

In addition, your Committee has amended Section 2 of the bill to clarify that public contracts shall, rather than may, contain provisions to reasonably minimize any adverse impact on traffic congestion.

Other technical, nonsubstantive amendments were made for purposes of style and consistency.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1172, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1172, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 891 Transportation on S.B. No. 1442

The purpose of this bill is to make the alcohol and highway safety provisions of Chapters 286 and 291 of the Hawaii Revised Statutes applicable to the operators and passengers of mopeds.

This bill will clarify the applicability of current statutes which prohibit

operators and passengers of "motor vehicles" from consuming or possessing open receptacles of alcoholic beverages by including specific references to operators and passengers of mopeds. Your Committee believes that driving a moped under the influence of intoxicating liquor imposes a threat to traffic and public safety.

Favorable testimony was presented by the Department of Transportation, the Department of the Prosecuting Attorney, City and County of Honolulu, and the Honolulu Police Department.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1442, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Jones.

SCRep. 892 Transportation on S.B. No. 1160

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.

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 S.B. No. 1160 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 893 Transportation on S.B. No. 1159

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. The Department of Transportation and the Department of the Prosecuting Attorney, City and County of Honolulu, provided favorable testimony for this bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1159 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 894 Housing and Community Development on S.B. No. 1323

The purpose of this bill is to establish a new chapter on Limited-Equity Housing Cooperatives and to repeal chapter 421G, Hawaii Revised Statutes (HRS), the existing provisions relating to limited-equity housing cooperatives.

This bill sets forth all of the existing statutory provisions regarding limited-equity housing cooperatives and also provides for the registration of housing cooperatives with the Real Estate Commission in the same fashion as horizontal property regimes specified under Chapter 514A, HRS.

Your Committee received testimony from the Real Estate Commission in support of this measure.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 1323, S.D. 1, 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 Representatives M. Ige, Kawakami and Peters.

SCRep. 895 Housing and Community Development on S.B. No. 1318

The purpose of this bill is to amend chapter 359G, Hawaii Revised Statutes, relating to Hawaii Housing Authority - Housing Projects.

The bill proposes to amend chapter 359G, Hawaii Revised Statutes, as follows:

- (1) Amend the purpose section for clarity and to delete outdated information;
- (2) Add definitions for certain terms used in the chapter that are identical to those used in chapters 356 and 359, Hawaii Revised Statutes;
- (3) Substitute "qualified partner" with "eligible developer", a term defined in the chapter;
- (4) Replace "low cost" with "lower cost" relating to housing;
- (5) Replace "low-income" with "lower income" relating to housing; and
- (6) Repeal the contractual staff reserve fund created under Section 359G-33, Hawaii Revised Statutes.

Upon hearing testimony from the Hawaii Housing Authority and the Department of Housing and Community Development of the City and County of Honolulu, your Committee has amended the bill as follows:

- (1) Amended Section 359G-1.1, Hawaii Revised Statutes, by deleting the words "stores" and "offices" from the definition for "Housing" or "housing project" since the more generic term "commercial space" includes both stores and offices (Page 6, line 14).
- (2) Amended Section 359G-10.5(c), Hawaii Revised Statutes, by deleting "private" and adding "eligible" in reference to a developer.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 1318, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1318, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives M. Ige, Kawakami and Peters.

SCRep. 896 Judiciary on S.B. No. 1140

The purpose of this bill is to make the voter registration process more convenient by providing for a self-subscribing oath in the registration process and by allowing registration by mail.

The Office of the Lieutenant Governor and the Association of Clerks and Election Officers of Hawaii testified that the proposed bill would help to increase the voter registration rolls; enable disabled, home-bound, and overseas citizens to register to vote; enable the county clerks to better update and maintain voter registration rolls; and make re registration easier for Hawaii's highly mobile

population. The Commission on the Handicapped testified that this bill will enable disabled persons who are unable to write, but are otherwise qualified, to register to vote. The League of Women Voters also testified in support of this bill.

Your Committee finds that such improvements to the voter registration process, which increase voter accessibility and accuracy of the rolls, are in the public interest. With these improvements, however, the law should provide increased protections against voter registration fraud. The Senate Committees thus amended the original bill to increase the present offense to a Class C felony as well as renumber the offense into a new subsection of Chapter 19, HRS.

While in agreement with the intent of this bill to provide greater convenience in the voter registration process, your Committee believes that a trial period for this experimental solution is in order. As such your Committee amended this bill to repeal itself following the next general election.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 1140, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1140, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 897 Judiciary on S.B. No. 1424

The purpose of this bill is to raise the statutory fee schedule and increase the budget appropriation for appointed counsel and guardians ad litem providing legal representation of indigents in the family court.

The Ad Hoc Committee on Fees of Court-Appointed Private Counsel appointed by the Chief Justice of the Hawaii Supreme Court recommended an increase in the fees for court-appointed private counsel and guardians ad litem in order to provide reasonable compensation for their work. At present, fees range from \$30 an hour for out-of-court services to \$40 an hour for in-court services. This bill will allow for compensation in the amount of \$40 an hour for out-of-court services and \$60 an hour for in-court services. The Senate Committee on Ways and Means concurred with the Senate Committee on Judiciary's finding concerning reasonable compensation. The Committee on Ways and Means amended the original bill to provide for the inclusion of the new provisions under chapter 571 (the family court law) instead of chapter 551, to include a \$1 appropriation, and to make technical, nonsubstantive changes to the bill for purposes of clarity and style.

Your Committee received testimony supporting this bill from numerous private guardian ad litem attorneys and the Family Court section of the Judiciary. The testimony indicated that the fees currently allowed barely cover overhead costs, and as such, are insufficient to maintain legal services as called for under HRS §802-5(b)(8) and §587-33(c) to §587-33(f). Your Committee determined that the legal profession cannot be expected to subsidize the cost of enforcing the present law.

Your Committee amended the bill to provide for payments on vouchers approved by the Judiciary rather than the Director of Budget and Finance. This conforms the language with current practice. Your Committee further amended the bill to increase the appropriated amounts to \$1.5 million for fiscal year 1987-88 and \$1.5 million for fiscal year 1988-89.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1424, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1424, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 898 Judiciary on S.B. No. 1443

The purpose of this bill is to raise the rate of compensation for appointed counsel providing legal representation of indigent criminal defendants. This bill

also increases the budget appropriation for this purpose.

The Senate Committee on Ways and Means found that the current compensation rates are below those provided in the federal system, and fail to provide reasonable compensation in extended or complex criminal litigation. The Committee thus amended the original bill by appropriating the sum of \$586,175 in fiscal year 1987-1988 and \$485,806 in fiscal year 1988-1989, to carry out the purposes of this Act.

Your Committee received supporting testimony from the Judiciary and the Hawaii Association of Criminal Defense Lawyers.

Your Committee amended this bill by increasing the appropriation to \$879,263 for fiscal year 1987-88 and \$728,709 for fiscal year 1988-89.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1443, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1443, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 899 Judiciary on S.B. No. 1735

The purpose of this bill is to authorize appropriations for satisfaction of judgments against the State, settlements, the refund of real property taxes and miscellaneous claims as provided by Section 37-77, Hawaii Revised Statutes. This bill also appropriates an additional sum for the settlement of Moseman Construction v. State, Civil No. 85-1226.

Your Committee received testimony in support of this measure from the Office of the Attorney General.

Your Committee amended the bill by adding a sum of \$530,782.53 to Section 1 for twelve cases that have been settled or resolved based on supporting documentation furnished your Committee by the Office of the Attorney General.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1735, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1735, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 900 Judiciary on S.B. No. 154

The purpose of this bill is to establish a computerized fingerprint identification system through the purchase of an automatic fingerprint identification system. This system is an important investigative tool which will modernize and increase the speed and accuracy of criminal investigations involving fingerprints.

The Senate Committee on Ways and Means amended the original bill by reducing the appropriation from \$3,000,000 to \$1.

Your Committee received supporting testimony from the Department of the Attorney General and the Honolulu, Maui, Kauai and Big Island police departments and Mr. Ernest Yonamine, a concerned citizen with 49 years of experience in fingerprint identification systems.

The Attorney General's office, while supporting the substance of the bill, expressed some concern about its implementation. The testimony requested time to develop plans involving office space, personnel, equipment and other needs. Furthermore, the Attorney General must determine a timetable for implementation, as well as coordination.

Your Committee amended this bill, however, to clarify the State's primary role in controlling and operating the system and equipment.

Your Committee also amended the bill to change the effective date to July 1, 1988. The later effective date will allow the Hawaii Criminal Justice Data Center to plan for data retrieval and input, personnel, space and equipment purchases.

It is the clear intent of this Legislature that the system be fully operational by July 1, 1988. The data center will coordinate its efforts with the federal, state and county law enforcement agencies. Further, the data center will present a supplemental request to the 1988 Legislature for funds necessary to buy equipment, hire personnel and plan the input of raw data.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 154, S.D. 2, as amended, and recommends that it pass Second Reading in the form attached hereto as S.B. 154, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 901 Judiciary on S.B. No. 792

The purpose of this bill is to revise chapter 351, Hawaii Revised Statutes, relating to criminal injuries compensation.

First, the bill allows for a decision on an application within twelve months of (1) the close of ongoing medical treatment; (2) the close of a worker's compensation claim still pending one year after the application; or (3) the close of the police investigation. Section 2 of the bill also reflects compliance with the Federal law to allow a claim so long as the victim files a complaint or report with the police department or other appropriate law enforcement agency.

Secondly, the bill clarifies the actions which must be taken by the victim in order to be eligible for compensation under chapter 351.

Thirdly, the bill inserts language to allow the commission to suspend proceedings if continuing would compromise the investigation of the crime involved.

Fourthly, the bill adds a new section to chapter 351 that imposes a twelve month deadline for decisions on applications for payment of compensation. Deleted by this bill is the provision that the order may issue so long as an "arrest has been made or such act or omission" is "reported" to police. The bill also revises the situations in which the commission may suspend its proceedings to include that time during which a criminal investigation may be compromised.

Chapter 351 also explicitly mentions those crimes eligible for victim compensation. The bill revises the enumerated crimes to include the new murder in the first and second degrees, the five (5) sexual assault crimes, and robbery in the first and second degrees.

Upon receiving testimony from the Victim-Witness Kokua Services, your Committee amended the bill to include negligent homicide and abuses of family and household members as crimes falling under chapter 351, HRS.

The bill further adds a provision to Section 351-63, relating to recovery from collateral sources to allow the commission to recommend to the court that the defendant or offender pay restitution as a condition of his sentence to the victim or person receiving compensation. This amendment would allow the commission's order of compensation to offset the court order of restitution for any duplicative awards as outlines in §351-33 by the amount ordered or paid by the defendant to the victim.

Finally, as a matter of sentencing, the bill revises Section 706-624, HRS, by directing the court to order restitution to either the commission or the State.

Your Committee further amended the bill by adding a new subsection (a) to Section 351-32 to permit compensation for crimes specifically enumerated in prior versions or Acts of Section 351-32. This change permits victims to apply for compensation where the time limitations have not expired, but the crimes are no longer explicitly mentioned in Section 351-32 as "violent crimes."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 792, as amended herein, and recommends that it pass Second Reading in the

form attached hereto as S.B. No. 792, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 902 Judiciary on S.B. No. 1146

The purpose of this bill is to amend Chapter 15, HRS, by adding a new section to authorize the use of a federal write-in absentee ballot.

Your Committee heard testimony from the Office of the Lieutenant Governor, indicating that federal law requires states to give overseas voters the option of using the federal write-in absentee ballot in general elections for federal offices when they have not received their state ballot.

Your Committee finds that this bill will ensure that Hawaii will be in compliance with federal law as prescribed under Section 1973ff of Title 42, United States Code, as amended, and that all overseas Hawaii citizens will be afforded the opportunity to vote.

While in agreement with the intent of the bill to provide for the use of federal write-in absentee ballots, your Committee believes that a trial period for this experimental solution is in order. As such, your Committee amended the bill to be repealed at the end of the next election year, December 31, 1988.

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

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1146 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 903 Judiciary on S.B. No. 1158

The purpose of this bill is to increase the annual salary of the State Public Defender from \$55,404 to \$66,000 effective January 1, 1987.

Under present law, the salary level of the Public Defender is set as those of second deputies or assistants to department heads.

Your Committee received testimony in support of this measure from a representative from the Department of Budget and Finance who stated that the proposed salary increase for the State Public Defender will be commensurate with that of first deputies or assistants to department heads.

Your Committee made an inquiry regarding the salary of the Prosecuting Attorney of the City and County of Honolulu and was informed that presently, the annual salary is \$66,000. Your Committee believes that the chief executive officers of all elements within the adversarial criminal justice system should have commensurate salaries because their responsibilities are comparable.

Therefore, your Committee amended the bill to increase the annual salary of the Public Defender to \$66,000. Your Committee believes that this increase will maintain balance and equity within the criminal justice system.

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

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

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.