

SCRep. 538-88 Judiciary on H.B. No. 3068

The purpose of this bill is to: (1) provide protection for a health care professional who provides information about another health care professional pursuant to a professional review proceeding; and (2) assure that any health care professional who brings a frivolous or unwarranted case against another health care professional must pay the assessed defense costs, including reasonable attorney's fees.

Your Committee received testimony supporting this measure from the Medical Coalition for Tort Reform and the Hawaii Federation of Physicians and Dentists.

Your Committee finds that this bill will strengthen the procedures to ensure quality medical care and protect the right to due process of all health care professionals. Specifically, this bill will discourage frivolous retaliation suits against physicians who file reports against other physicians and encourage physicians to research any claim before bringing action against other physicians.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3068 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 539-88 Judiciary on H.B. No. 3164

The purpose of this bill is to propose an amendment to Sections 4 and 6 of Article IV of the State Constitution to change the population base used for reapportionment from registered voters to population; and to repeal Section 5 which requires fractional votes for legislators from any basic island unit allocated less than a minimum of two senators and three representatives.

Testimony was given in support of the measure by the Office of the Lieutenant Governor and the League of Women Voters of Hawaii. The use of registered voters has been questioned in numerous court decisions, and continued use for reapportionment purposes may lead to costly legal challenges. Your Committee feels that the one-person, one-vote rule, which has been consistently upheld by the U.S. Supreme Court, is the only basis by which to ensure fair and equal representation.

Your Committee believes it necessary to delete Section 5 of Article IV ruled unconstitutional by the U.S. District Court for Hawaii in *Burns V. Gill*, 1970.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3164 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 540-88 Judiciary on H.B. No. 2741

The purpose of this bill is to amend rule 616 of Chapter 626, Hawaii Revised Statutes, to allow videotaped testimony of a minor who is a victim of an abuse offense or a sexual offense, which it is determined by the court that the testimony is necessary to the prosecution and that the child's participation in the trial would be a traumatic experience with detrimental effects to the minor.

Your Committee heard testimony indicating that the state has a compelling reason to take the testimony of a minor using the most modern forms available to limit further injury to a minor in a sex offense trial. This bill will clarify that there must be testimony that injury is likely to occur if the minor testifies in the traditional manner.

Although the issue of whether closed circuit testimony is a functional equivalent of the constitutional right of confrontation, your Committee feels that the state has a compelling interest in prosecuting defendants who commit sex crimes against children and in limiting any further injury to child victims.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2741 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 541-88 Judiciary on H.B. No. 3348

The purpose of this bill is to:

- (1) Repeal the provisions of Chapter 560, Hawaii Revised Statutes (HRS) relating to informal probate procedures;
- (2) Make conforming amendments in light of the repeal of informal proceedings (primarily to delete references to a registrar or informal probate).
- (3) Increase the amount that may be collected by affidavit without probate proceedings from \$1,000 to \$5,000;

- (4) Increase the jurisdiction of small estate administration from \$20,000 to \$40,000;
- (5) Change the \$10,000 level of small estate administration for notice purposes to \$20,000;
- (6) Increase the fee that the State may charge for small estate administrations from a maximum of \$300 to a maximum of \$1200, or a maximum of \$60 in the event that the administration is completed by another personal representative;
- (7) Increase the amount of personal property that the coroner may dispose of from \$100 to \$1000; and
- (8) Repeal the summary small estate procedure for estates not in excess of \$2,000 (because the \$5,000 affidavit limit would make this procedure unnecessary).

Your Committee received testimony in favor of this bill from the Judiciary, corporate legal counsel for two trust companies, and an attorney with substantial experience in estate planning and probate.

Your Committee finds that the current informal probate procedures which apply to estates between \$20,000 and \$40,000 are inefficient and cause undue delays. Moreover, trust companies and attorneys are unwilling to serve as personal representatives of these probate cases because the statutorily-set fees are inadequate. By increasing jurisdiction of the small estates administration to \$40,000, and by increasing the lower end of the small estates jurisdiction from \$1,000 to \$5,000 this bill will alleviate many causes of the current inefficiencies.

Your Committee has made wording changes in Section 2 in order to reflect current amendments to the Hawaii Revised Statutes. Amendments were also made to correct certain typographic and technical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3348, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3348, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 542-88 Judiciary on H.B. No. 2322

The purpose of this bill is to expand the applicability of chapter 143, Hawaii Revised Statutes, by inserting language to provide for the inclusion of cats and other animals in this animal control statute.

More specifically, H.B. No. 2322 sets out procedures and provisions relating to the handling of unlicensed stray cats.

This bill further amends chapter 143, Hawaii Revised Statutes, by providing for a seventy-two hour confinement and redemption period for unlicensed stray dogs; and increases the impoundment fee from \$2.50 to \$5 a day, unless otherwise provided by the county council.

Your Committee received testimony in support of this bill from the Hawaiian Humane Society and the City and County of Honolulu. In consideration of the City's request that the effective date of this legislation be delayed to allow for the development of an expanded licensing program, your Committee has amended the bill by establishing its effective date as January 1, 1989.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2322, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2322, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 543-88 Labor and Public Employment on H.B. No. 3586

The purpose of this bill is to amend Section 202-2, Hawaii Revised Statutes, to give greater flexibility to the Commission on Employment and Human Resources in preparing its reports and to coordinate its efforts with the requirements of the Hawaii State Plan and, in particular, the forthcoming employment functional plan.

Your Committee received testimony from the Commission and concurs with its assessment that this housekeeping measure will increase its operating efficiency and effectiveness.

The bill was amended to correct certain typographic, technical, and stylistic errors; no substantive changes were made.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3586, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 544-88 Labor and Public Employment on H.B. No. 3588

The purpose of this bill is to repeal the statutory requirement that all public employers and exclusive representatives of each bargaining unit must jointly agree upon a uniform contract expiration date. The bill will allow greater flexibility by providing for the termination of contracts on June 30 of odd-numbered years.

Your Committee reviewed favorable testimony from the Department of Education, Office of Collective Bargaining, and from several public employment unions, testifying that this bill will allow greater flexibility in negotiated settlements.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. 3588 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 545-88 Labor and Public Employment on H.b. No. 3546

The purpose of this bill is to require employers to make, keep, maintain and preserve payroll records.

Your Committee received testimony in support of this measure detailing the problems of record keeping by employers, which has hindered the expedient investigations of unpaid wage claims.

Presently, Chapter 388, Hawaii Revised Statutes, Payment of Wages and Other Compensation Law, does not have a record keeping provision. Although the Hawaii Wage and Hour has a record keeping requirement, the law does not apply to all employers and employees. Therefore, record keeping is haphazard or nonexistent with some employers. Employers with payroll departments on another island or out of state may not have the records available. The Department of Labor and Industrial Relations reports that it has found some employers who have disposed of records immediately after the payday. This has made it difficult for the department to conduct full and timely investigations of unpaid wage claims and to check the accuracy of wage computations.

Your Committee has adopted the recommendation of the Department of Labor and Industrial Relations that the amendment inserted be changed to replace language that was too general.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. 3546, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 3546, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 546-88 Labor and Public Employment on H.B. No. 3487

The purpose of this bill is to increase from thirty to ninety days the time period within which specified sections of the Hawaii Code of Military Justice must be explained to new members of a unit.

Your Committee heard testimony from the State of Hawaii's Department of Defense in support of this bill. The Department stated that the thirty-day limitation is unrealistic. New recruits must face a battery of training requirements within the first 30 days after entrance into the National Guard. This often does not allow adequate time within that period for the recruits to become apprised of the required sections of the Hawaii Code of Military Ethics. A ninety-day limitation is a realistic amount of time in which to complete not only the required explanation but also all other training necessary for new recruits.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3487 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 547-88 Labor and Public Employment on H.B. No. 3547

The purpose of this bill is to facilitate the filing and recording of notices of workers' compensation insurance coverage with the department by utilizing a standard form and by eliminating the insurance carrier/employer's requirement to submit a copy of the contract or the policy of insurance.

Your Committee received testimony from the Director of the Labor Department and concurs with his assessment that the processing and maintenance of workers' compensation insurance notices could be done more efficiently by having the vital information of each policy submitted on a standardized form.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3547 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 548-88 Labor and Public Employment on H.B. No. 3488

The purpose of this bill is to change the title of the Hawaii State Guard to the Hawaii State Defense Force.

Your Committee finds that a change in the title of Hawaii State Guard to the Hawaii State Defense Force will eliminate the confusion between the Hawaii State Guard, Hawaii Army National Guard, and Hawaii Air National Guard. Presently, confusion in organizational identity are due to the similar title designations within the active State Defense Forces.

Your Committee further finds that by changing the title to Hawaii State Defense Force, Hawaii will be in conformity with national designations for local defense forces and there would be no confusion in force identifications should the Hawaii State Guard be activated in the future.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3488 and recommends that it pass Second Reading and be placed on the calender for Third Reading.

Signed by all members of the Committee.

SCRep. 549-88 Labor and Public Employment on H.B. No. 3492

The purpose of this bill is to clarify the law that the Director of Personnel Services may certify veterans whose examination score after the application of the veterans' preference equals or exceeds the examination score of the last eligible certified, rather than the examination score of the fifth certified eligible.

Your Committee heard testimony from the Department of Personnel Services and the State of Hawaii Judiciary in support of the intent of the bill. Testimony indicated that this bill reflects the current practices being followed by the Department of Personnel Services.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3492 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 550-88 Education on H.B. No. 3472

The purpose of this bill is to amend section 298-11, HRS, to eliminate the requirement that a high school student whose work is below passing in half or more of the student's subjects be placed on probation, and that the student be precluded from attending school if the student's work does not improve during the subsequent semester.

The Superintendent of Education testified that the notion that a student should be precluded from attending school because of a lack of academic achievement is outdated and archaic. Such exclusions would be contrary to current educational philosophy and practice since it is the goal of the Department of Education to help each individual develop to the fullest potential and become a contributing member of society.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 3472 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 O'Kieffe.

SCRep. 551-88 Education on H.B. No. 3469

The purpose of this bill is to eliminate tutorial instruction as a separate category of exceptions to compulsory school attendance and treat tutorial programs as one form of alternative educational programs for which school attendance exceptions may be granted, to enable the Board of Education through the Superintendent of Education (Superintendent) to delegate to the district superintendents the authority to approve school attendance exceptions which are based on a child's alternative educational program, and to require any employer who employs a student who is excused from school attendance for reason of employment to notify the Superintendent when the student's employment is terminated.

The distinction between a school attendance exception by reason of tutorial instruction as provided for in section 298-9(2), HRS, and an exception based on a child's alternative educational program as provided for in section 298-9(6), HRS, is not clear. If an alternative educational program is construed as any educational arrangement which does not require the child to attend either a public or private school, then tutorial instruction in a family setting is one form of an alternative education program. Your Committee finds that tutorial arrangements should be regarded as a form of alternative education and that section 298-9(2), HRS, is superfluous.

Section 298-9(6), HRS, requires the Superintendent to approve school attendance exceptions which are based on a child's alternative education program. This authority is not delegable under present law. Your Committee finds that since requests for exception under this provision are now reviewed by the school principal and the district superintendent, a third level of review by the superintendent is unnecessary and inefficient.

Students who are excused from school attendance for reasons of employment under section 298-9(3), HRS, may quit their jobs later and not return to school. The school may not be aware that the conditions under which the student was excused are no longer valid. The Superintendent testified that this bill should be amended to require the employer to

notify the child's school in these cases rather than notifying the superintendent. Your Committee finds that this will facilitate timely notification to minimize school attendance abuses and has amended the bill accordingly.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 3469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3469, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 552-88 Education on H.B. No. 3161

The purpose of this bill is to amend Section 17-6, Hawaii Revised Statutes, which governs the deadline for filing nomination papers for a vacant seat on Board of Education whose unexpired term does not end at the next succeeding general election.

Pursuant to Section 12-6, Hawaii Revised Statutes, the nomination filing deadline for a seat on the Board of Education is sixty days prior to the election. However, Section 17-6, Hawaii Revised Statutes, provides that when a vacancy arises thirty days prior to the general election to a seat whose term does not end at the next general election, the Governor makes a temporary appointment, and the position is filled for the balance of the unexpired term at the general election. In this situation, the deadline for filing nomination papers is the thirtieth day prior to the election. This bill will eliminate the deadline discrepancy for filing nomination papers by amending the thirty day deadline to sixty days in Section 17-6. In addition, all other references to thirty days have been changed to sixty days for uniformity.

The Lieutenant Governor and the Board of Education testified in favor of this bill. The Lieutenant Governor indicated that passage of this measure will make this filing deadline consistent with all other filing deadlines, allow more time to have ballots printed, and permit the Lieutenant Governor enough time to honor federal recommendations to mail absentee ballots to voters thirty-five days prior to an election.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 3161 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 Levin, Taniguchi and O'Kieffe.

SCRep. 553-88 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 3131 (Majority)

The purpose of this bill is to define a "remnant" parcel of land and to set standards governing disposal of remnant parcels by the state.

Your Committee heard testimony from the Department of Land and Natural Resources, the County of Hawaii, the League of Women Voters, the Sierra Club, Life of the Land, Save Our Beach and the Hawaiian Native Legal Council.

Your Committee has amended the bill to better define "remnant". Overwhelming testimony stressed the importance of considering the relationship of the land to other uses in the area. Examples were given where important beach accesses had been quitclaimed to adjacent land owners to the detriment of the public. Concern was expressed that the community often was not aware of actions involving remnant parcels.

Your Committee has also amended this bill to require a public hearing when board action involving remnant parcels is scheduled.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 3131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3131, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Tajiri.
(Representatives Andrews, Bunda and Say did not concur.)

SCRep. 554-88 Finance on H.B. No. 395

The purpose of this bill is to appropriate funds for the payment of collective bargaining cost items negotiated with the collective bargaining units representing public officers and employees for the 1987-1989 fiscal biennium.

Your Committee has amended the purpose of this bill by specifically appropriating funds for pay adjustments for employees excluded from collective bargaining unit 5. As amended, this bill will provide the necessary authorizations and appropriations to allow for the implementation of pay raises for employees excluded from unit 5 on September 1, 1987, February 1, 1988, September 1, 1988, February 1, 1989; and for increases in other cost items effective July 1, 1987.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 395, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 395, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 555-88 Finance on H.B. No. 501

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that the total amount or principal and interest estimated for such bonds and all bonds authorized but unissued and calculated for all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirement of Article VII, Section 13, of the Constitution of the State of Hawaii. This constitutional provision requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the debt limit will not be exceeded upon the issuance of bonds authorized by the law and in the past.

Amounts in the bill have been left blank since the precise data or best estimates are not known at this time. It is the intent of your Committee that such amounts will be inserted when they become known.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 501, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 556-88 Finance on H.B. No. 2278

The purpose of this bill is to establish the Hawaii Criminal Justice Commission (Commission) as a permanent State agency by deleting its June 30, 1988, "sunset" date. The bill would also expand the functions of the Commission to include such activities as:

- (1) Providing a mechanism for community input into governmental crime prevention activities;
- (2) Providing statewide crime prevention training programs for law enforcement agencies, civic groups, and businesses;
- (3) Establishing a center for public safety at which criminal justice agencies, civic groups, and businesses can be trained in crime prevention;
- (4) Acting as a clearinghouse for crime prevention information; and
- (5) Fostering cooperation among the various criminal justice agencies statewide.

A number of agencies submitted testimony in support of the bill, including the Department of Corrections, the Honolulu Prosecuting Attorney, the Maui Police Department, the National Crime Prevention Council, and the Hawaii Criminal Justice Commission. According to testimony presented, the Commission is a critical component of Hawaii's criminal justice system, and the expansion of its functions will further serve to prevent crime.

Your Committee has amended the bill by inserting the sum of \$470,628 in the previously blank amount to be appropriated. Further amendments were made to appropriate the funds to the Commission and to require the Department of Corrections to expend the funds for the purposes of the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2278, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2278, H.D. 1.

Signed by all members of the Committee.

SCRep. 557-88 Consumer Protection and Commerce and Judiciary on H.B. No. 3525

The purpose of this bill is to clarify the bonding requirements for a cemetery and pre-need funeral authority licensee. This bill also provides for a conditional licensure status where notice of termination, cancellation, or expiration of the bond has been received. The bill sets forth the terms of that conditional status and clarifies and adds to the provisions relating to surrender of a license. A new section is added by this bill, dealing with the transfer of a license under this chapter.

Your Committees received testimony in favor of this bill.

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

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 3525, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3525, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 558-88 Housing and Community Development and Consumer Protection and Commerce on H.B. No. 2076

The purpose of this bill is to establish a single method of determining the maximum amount of lease rent that may be renegotiated between the lessor and the lessee for all types of leasehold property currently being used for residential purposes. At the present time, residential properties which are situated on lease land include single family, duplex, cooperative and condominium apartment units.

Under the Lease Rent Renegotiation Relief Act contained in Chapter 519, Hawaii Revised Statutes, the relief from increasing land rents initially focused on single family residential leaseholds. A formula was established for determining the maximum amount of lease rent that could be renegotiated between the lessee and lessor. The language that was used in the formula was similar to the language contained in Chapter 516, Hawaii Revised Statutes, to determine the value of the leased fee interest.

In 1982, the Legislature amended Chapter 519, Hawaii Revised Statutes, by also providing relief to cooperative housing corporations that are lessees or sublessees, and the formula established was dissimilar to the formula for determining the maximum lease rent on renegotiation for single family residential leaseholds.

Both formulas proved cumbersome when actually applied to determine the maximum lease rent that a lessor could charge a lessee following renegotiation. The resulting lease rents which were renegotiated were often inconsistent and varied dependant upon interpretations of different appraisers and methods of appraisals.

Following a study contracted by the Housing Finance and Development Corporation in response to H. R. No. 380, passed in 1987, ("Requesting the Hawaii Housing Authority to Address Issues Related to Leasehold Conversion of Condominiums and Cooperative Housing Projects") your Committees prepared draft legislation to amend Chapter 519, Hawaii Revised Statutes, to establish a single and simpler formula for both cooperative housing corporations and condominium apartments for presentation in public hearings. This measure is one of several related draft legislation which were presented at these public hearings and is an outgrowth of the study.

Based on the testimony received at these public hearings and at the hearing on the bill, your Committees have amended the bill to more clearly establish the process of determining the factor to be used in calculating the maximum lease rent payable on renegotiation, and to also make it clear that the method used in Chapter 519, Hawaii Revised Statutes, shall not be "linked" with the method to be used in determining the value of the leased fee interest in cases arising under Chapter 516, Hawaii Revised Statutes.

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

Your Committees on Housing and Community Development and Consumer Protection and Commerce are in accord with the intent and purpose of H. B. No. 2076, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H. B. No. 2076, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

(Representatives Andrews, Bellinger, M. Ige, Leong, Peters and Yoshimura did not concur.)

SCRep. 559-88 Planning, Energy and Environmental Protection on H.B. No. 3034

The purpose of this bill is to amend Section 205-2, Hawaii Revised Statutes, by deleting language which includes golf courses and golf driving ranges as permitted uses within agricultural district lands.

The State Constitution urges the protection of agriculture land, and the disposition of agriculture lands is an important statewide interest. Your Committee strongly supports this constitutional mandate.

Act 298 passed by the Legislature during the 1985 legislative session, permitted the establishment of golf courses and golf driving ranges within agricultural districts on lands classified C, D, and E by the Land Study Bureau. Your Committee finds that since the enactment of Act 298, events have shown that allowing golf courses and golf driving ranges as permitted uses in agricultural districts can lead to the displacement of bona fide farming operations.

Your Committee believes that agricultural lands having poor quality or marginally productive soils should be made available for other productive uses, such as, golf courses and golf driving ranges. However, your Committee feels strongly that golf courses and golf driving ranges should not come at the expense of productive or potentially productive agricultural lands. The disposition of agricultural lands is an important statewide interest. If there is a potential for the loss of productive or potentially productive agricultural lands, your Committee feels that the issue should be addressed by an appropriate state agency, such as the Office of State Planning. If such a potential exists, the county planning commissions' decision shall be subject to approval by the Land Use Commission. If no productive or potentially productive agricultural lands are involved, your Committee feels that the decision to issue or not to issue special permits for golf courses and golf driving ranges should be handled at the county level.

Under the present law, your Committee is concerned that under certain conditions no public hearing on either the State or County level may be required prior to the development of a golf course or golf driving range. Your Committee is further concerned that lower quality or lesser productive lands in the agricultural district may be reclassified as an urban district for the development of golf courses or golf driving ranges. Your Committee is further concerned with the lack of a uniform review of procedures between and among the county planning commissions of the State.

In response to the aforementioned concerns, your Committee has amended this bill by adding a new section to this bill to be designated as Section 2.

Section 2 of this bill amends Section 205-6, Hawaii Revised Statutes, to specifically include golf courses and golf driving ranges on agricultural lands rated C, D, or E by the Land Study Bureau's detailed land classification, as an unusual and reasonable use within the special permit system. This amendment would resolve the Committee's concern that a public hearing be held before the county planning commission may render a decision on a golf course or golf driving range. The county planning commission may then, permit the desired use, but only when the use would promote the effectiveness and objectives of Chapter 205, Hawaii Revised Statutes.

Your Committee has further amended Section 205-6, Hawaii Revised Statutes, to exempt golf courses and golf driving ranges from automatic Land Use Commission review under the provision that special permits for land the area of which is greater than fifteen acres be subject to approval by the Land Use Commission. Your Committee has further amended Section 205-6 to provide for a review of county planning commission decision by the State Office of Planning. The State Office of Planning may require that the special permit for golf courses and golf driving ranges be subject to approval by the Land Use Commission, if the State Office of Planning finds that the activity affecting land in the agriculture district may involve a matter of statewide interest. Your Committee notes that the construction of a golf course or golf driving range on non-productive agricultural lands in itself would not meet the criteria of a statewide interest.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of H.B. No. 3034, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3034, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 560-88 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 2333 (Majority)

The purpose of this bill is to enable native Hawaiians to obtain a lease for industrial or commercial purposes from the Department of Hawaiian Homes, for \$1.00 per year.

Your Committee heard testimony to the effect that native Hawaiians need to be brought into the mainstream of business activity in the state and that they could benefit from the availability of a commercial or industrial lease from the Hawaiian Homes Commission. The Department objected to the proposal, citing several problems that might be created by treating commercial and industrial land in the same way as residential, agricultural, or pastoral land.

Your Committee finds that Article XII, Section 2, provides that "the spirit of the Hawaiian Homes Commission Act looking to the continuance of the Hawaiian homes projects for the further rehabilitation of the Hawaiian race shall be faithfully carried out." H.B. No. 2333 is in that spirit.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 2333 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Say and Tajiri did not concur.)

SCRep. 561-88 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 2653 (Majority)

The purpose of this bill is to allow minors to carry and use all firearms, and to require a certificate of completion of a certified hunter training course before a hunting license can be issued.

Your Committee heard testimony from the Department of Land and Natural Resources, from the Schofield Rod and Gun Club, and from Molokai Ranch. Late testimony from the NRA and from the Hawaii Wildlife Conservancy expressed concern that DLNR would not be able to gear up for an adequate hunter safety program which would service rural areas and permit everyone who wants a hunting license to get one. DLNR recommended an effective date of July 1, 1989 in order to enable it to make the necessary preparations for a voluntary program.

We also received testimony to the effect that the use of the term "firearm" would be too broad and would include any kind of explosive device.

Your Committee has deleted Section 1 of this bill which pertained to minors. We have also amended the bill to accept hunter safety programs of other jurisdictions, and have set the effective date to be July 1, 1989.

Your Committee has also made non-substantive changes for purposes of style and clarity, and corrected a typographical error.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 2653, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2653, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Fukunaga.
(Representative Say did not concur.)

SCRep. 562-88 Judiciary on H.B. No. 908

The purpose of this bill is to clarify which agencies and entities shall have access to specific information obtained by the adult probation divisions of the State Judiciary.

Your Committee finds that the current statute regarding adult probation records unduly restricts the flow of information on adult probationers to other criminal justice agencies, probation organizations, and courts from other jurisdictions.

Your Committee has received favorable testimony from the Judiciary indicating that this bill will provide the necessary clarification to effect the release of information needed by the agencies identified in the bill.

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

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 908, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 908, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 563-88 Judiciary on H.B. No. 2750

The purpose of this bill is to repeal Chapter 134, Part 1, Hawaii Revised Statutes, and to recodify the existing language of the Firearms, Ammunition and Dangerous Weapons Act, Chapter 134, Part 1, Hawaii Revised Statutes. The proposed recodification does not make any substantive changes, and is intended to clarify and improve the existing language.

Your Committee received testimony from the Judiciary and the Hawaii Rifle Association in support of this bill. The Judiciary had recommended an amendment to clarify a point in the bill, but on further consideration decided that the present language was sufficient to indicate that the right to possess a firearm, if lost by a minor due to adjudication of having committed a felony crime of violence, is regained when the minor becomes an adult.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2750 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 564-88 Judiciary on H.B. No. 3343

The purpose of this bill is to add two new sections which would establish in the Penal Code a new offense of negligent injury in the first and second degrees to be applied to persons convicted of causing serious or substantial bodily injury. This bill would also amend section 707-703 and 707-704, HRS, by raising the penalties for negligent homicide in the first and second degrees to class B and C penalties respectively.

Your Committee finds that these new penalties better fit the seriousness of the offense.

Your Committee received testimony in support of this bill from the State Office of the Attorney General, the County Prosecutors, the County Chiefs of Police, and Mothers Against Drunk Driving.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3343 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 565-88 Judiciary on H.B. No. 1038

The purpose of this bill is to change the penalty for violation of Section 325-2, Hawaii Revised Statutes, from a misdemeanor to a fine of not more than \$500. Section 325-2 requires physicians and chiropractors to give the Department of Health written notice of patients infected with infectious or communicable diseases and of deaths of patients from such diseases.

A representative from the Department of Health testified that the misdemeanor penalty was a deterrent to violation of the requirement. Your Committee, however, believes that a criminal penalty is inappropriate for a statutory violation which may be committed unintentionally and that, according to general legal principles, a criminal penalty is proper and necessary to impose for a violation when criminal intent, knowledge or recklessness is an element of the violation.

Your Committee has amended the bill to make the fine not to exceed \$1,000 which was the maximum amount provided in an amendment to the statute as enacted into law in 1987. Your Committee has also made some 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. 1038, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1038, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 566-88 Judiciary on H.B. No. 3571

The purpose of this bill is to clarify existing law allowing the State of Hawaii to recover unclaimed or abandoned property in the custody and control of the federal government.

Section 523A-13, Hawaii Revised Statutes, provides that intangible property held by a court or other government may be presumed abandoned and subject to the reporting and delivery requirements of Hawaii's unclaimed property law. This bill amends chapter 523A by adding a new part which specifically authorizes recovery of unclaimed property from the federal government and describes the methods to be used to recover such property and to find the owners of such property.

Your Committee received testimony in support of this measure from the Attorney General and the Department of Accounting and General Service.

The bill provides for a filing fee to be collected from any person wishing to remove his or her name from the petition filed by the State to recover funds from the federal government. Your Committee amended the bill to set the amount of \$50 as the fee to be collected to help defray costs of amending the petition.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 3571, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 3571, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 567-88 Judiciary on H.B. No. 2459

The purpose of this bill is to allow counties to impose civil fines in addition to criminal penalties for any building code violations after reasonable notice and request for correction of the violation upon the violator.

Your Committee heard testimony in support of this bill from the Building Department of the City and County of Honolulu. Testimony indicated that the imposition of a civil fine immediately upon violation of building code regulations would be more effective than waiting several months for a judicial determination of a criminal penalty. Civil fines are already being used to enforce regulations of other agencies, for example, the State Board of Land and Natural Resources and the State Department of Health.

Your Committee has amended the bill to provide the violator with an opportunity for a hearing under chapter 91 prior to the imposition of the fine, to provide for an appeals procedure, and to ensure that the civil fine does not preclude a county from taking civil action in court.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2459, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2459, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 568-88 Consumer Protection and Commerce on H.B. No. 2358

The purpose of this bill is to extend the sunset review repeal date of Chapter 448, Hawaii Revised Statutes (Board of Dental Examiners), which had been set for repeal on December 31, 1988. This bill schedules Chapter 448 for repeal on December 31, 1994.

The bill also deletes "good moral character" as a cause for refusal to issue a dental license and deletes the prohibition of nonprofessional corporations from providing dental services.

Your Committee received testimony generally favorable to this bill but in opposition to allowing nonprofessional corporations to provide dental services. Testimony indicated that allowing nonprofessional corporations to provide dental services would create a significant potential for harm to the consumer.

Your Committee has therefore amended this bill to delete the provisions which would allow nonprofessional corporations to provide dental services.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2358, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2358, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 569-88 Consumer Protection and Commerce on H.B. No. 3291

The purpose of this bill, which is generally housekeeping in nature, is to reenact amendments made to the insurance laws in the 1987 Legislative Session to ensure that those amendments are not repealed by Act 347, Session Laws of Hawaii 1987.

Your Committee received testimony in favor of this bill; however, it was pointed out that the portion of this bill dealing with Act 259, Session Laws of Hawaii 1987 (AIDS), contained a drop-dead clause repealing that act two years after its approval on June 24, 1987.

Your Committee has amended this bill to reflect the drop-dead clause in Act 259, Session Laws of Hawaii 1987.

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

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3291, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 570-88 Consumer Protection and Commerce on H.B. No. 2356

The purpose of this bill is to extend the sunset review repeal date of Chapter 373, Hawaii Revised Statutes (Commercial Employment Agencies), which had been scheduled for repeal on December 31, 1988. This bill sets Chapter 373 for repeal effective December 31, 1994.

The bill also provides that each employment agency shall annually file a schedule of its placement fees, and that the director will compile a listing of fees charged by all agencies and make the list available to the general public. The bill would also require that any contract between an applicant and the employment agency shall contain the statement that the fees charged are in accordance with the fees filed with the department, and that a comparative listing of all fees be available for public inspection. The bill also provides that the contract contain a prominently displayed statement that no fee will be paid until the applicant has obtained employment and receives the first paycheck and that this statement be acknowledged by the applicant's signature.

Also contained in the bill are provisions requiring all advertisements to contain the statement with respect to the payment of the fee and that the contracts shall contain the name, license number, and license expiration date of the principal agent of the employment agency as well as a statement setting forth the procedure for handling complaints affecting the contract; including the name, address and telephone number of the office in the Department of Commerce and Consumer Affairs (DCCA) responsible for regulating commercial employment agencies.

The bill also requires the DCCA to develop a consumer awareness program, conduct a study with respect as to whether bonds are worth the cost or should be replaced with insurance, and make arrangements for machine grading the certification examinations.

Your Committee received testimony that the provisions with respect to advertising would be very burdensome and costly, especially for advertisements in the classified sections of the newspapers. Your Committee also received testimony that employer-paid contracts should be required to contain statements about fees paid by applicants and that filing of fee schedules should occur when changes are made to those schedules rather than annually. Additional testimony indicated that the provisions requiring the DCCA to study the bonding issue, develop a consumer awareness program, and arrange for machine grading of certification exams were unnecessary.

Your Committee has amended this bill to reflect the changes suggested by this testimony.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2356, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 571-88 Consumer Protection and Commerce on H.B. No. 2523

The purpose of this bill is to make several changes of a housekeeping variety to Chapter 468K, Hawaii Revised Statutes. The definition of "person aggrieved" has been moved to the definitional section and a definition of "travel services" has been added. The definition of "sales representative" has been narrowed to require licensing of a sales representative who receives commissions along with a salary.

The term "registered" is being changed to "license" throughout the chapter. The bill also allows consumer creditors of a travel agency to collect from the travel agency recovery fund in the case of bankruptcy of the debtor travel agency. The trustees of the fund will then take the position of the consumer creditor in the bankruptcy case.

The bill will also require travel agencies and sales representatives to provide the name of the company and license number in all advertisements. The bill would also make any omission of a licensee the basis for recovery under the travel agency trust fund provisions. The restitution and penalties sections of the Chapter have been amended for purpose of clarification.

A section is added by this bill requiring disclosure of information which is critical for travelers and often not made available to consumers unless specifically requested. Another new section would be added by this bill, detailing the circumstances under which the director could suspend or revoke a license under this Chapter. Among those circumstances are making statements which have the tendency or capacity to mislead or deceive, omitting any material fact in connection with the sale or offer to sell travel services, failing to perform any term or condition of a contract for travel services, failing to make a timely refund when requested in writing, selling coupons or awards in violation of a carrier's rule or policy, acting in concert with any person who violates this chapter, making a statement that a travel agency is endorsed or approved by the department, committing any other conduct in connection with a sale or offer to sell travel services which constitutes fraudulent or dishonest dealings and violating section 480-2 in connection with a sale or offer to sell travel services.

The bill also requires that proceeding for licence suspension or revocation shall meet the requirements of Chapter 91. The bill further grants the director powers respecting administering of oaths, compelling the attendance of witnesses, production of documentary evidence and examining witnesses.

Your Committee received testimony that the language of this bill was overbroad with respect to the prohibition against selling coupons or awards in violation of carrier's rule of policy. The Office of the Consumer Protector concurred with this testimony and offered an amendment which would require written disclosure to the consumer that an airline may take the position that certain awards or coupons may be voided at the airline's discretion. The amendment offered by the Office of the Consumer Protector also would define the term "Airline award" and require a timely refund from the travel agency or sales representative in cases where the airline award sold is voided by the airline.

Your Committee agrees with the Office of the Consumer Protector and has made changes in this bill to conform with those suggestions. Your Committee does not intend by these changes to authorize or imply that airlines are authorized to void or make other changes to any awards or coupons or other incentive programs under this bill.

Your Committee also received testimony that the use of the term "omission", in connection with the travel agency trust fund, should be referenced to the omission of a material fact. Your Committee is also in accord with this testimony and has amended this bill to so reflect.

Your Committee also renumbered the sections of the bill for the purpose of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent of H.B. No. 2523, as amended herein, and recommends that it pass Second Reading in the form attached here- to as H.B. No. 2523, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 572-88 Consumer Protection and Commerce on H.B. No. 3323

The purpose of this bill is to extend the sunset review repeal date of Chapter 468K, Hawaii Revised Statutes, (Travel Agencies), which had been set for repeal effective December 31, 1988. The bill would set Chapter 468K for repeal effective December 31, 1989.

Your Committee received testimony from the Department of Commerce and Consumer Affairs recommending that the sunset review schedule be extended to at least December 31, 1990 to provide a clearer indication of the role of the travel agency recovery fund in protecting consumers.

Your Committee concurs with that recommendation and has amended this bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No 3323, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 573-88 Consumer Protection and Commerce on H.B. No. 2700

The purpose of this bill is to prohibit the use of the term "island fresh" or like terms to sell any agricultural commodity unless that commodity has been one hundred per cent produced in this State. The bill also provides that any processed agricultural commodities may use these terms so long as the product is ninety per cent produced in the State.

Your Committee received testimony in support of the concept behind this bill and the need for this bill to prevent the deception of consumers as well as the protection of Hawaii producers. Your Committee also received testimony that the provisions of the bill may have a detrimental effect on current programs at the Department of Agriculture to promote Hawaii products. It is not your Committee's intent to adversely impact such programs. Rather, your Committee believes that a statutory definition of "island fresh" would aid both the Department and the consumer so as to ensure that a product so labeled is, indeed, produced or processed in this State.

Your Committee also heard testimony that further amendments should be made to section 486-26.8 to raise the percentage, of wholesale value added by manufacturers in the State, from 25% to 51% before a product may be labeled "made in Hawaii" and offered for sale. The testimony from the Department of Business and Economic Development

indicated that the 25% requirement could often be accomplished merely by packaging and that the "made in Hawaii" label for such a product deceived the public. In addition, the 25% requirement is difficult, if not impossible to enforce.

Your Committee has amended this bill to reflect the change in the percentage as suggested by the Department of Business and Economic Development as more accurately warranting use of the label "made in Hawaii".

In the event H.B. No. 3494 is enacted, which recodifies and reorganizes statutory provisions with respect to measurement standards, this bill is intended to amend the appropriate sections therein.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2700, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2700, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 574-88 Consumer Protection and Commerce on H.B. No. 2901

The purpose of this bill is to allow resorts to serve liquor to guests on non-motor vehicles such as gondolas or horse-drawn carriages.

Your Committee heard testimony that especially some of the newer resorts desire to serve liquor in horse-drawn carriages and other non-motorized vehicles on their premises. Your Committee also received testimony that the original bill might create confusion with existing statutes which allow liquor to be served under certain conditions in vehicles with the proper Public Utilities Commission certificate. Your Committee has therefore amended this bill, by adding the phrase "except as provided in Section 291-3.4" after the word "premises" to Section 281-78(a)(2)(D), Hawaii Revised Statutes, to eliminate this confusion.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2901, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2901, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 575-88 Consumer Protection and Commerce on H.B. No. 3284

The purpose of this bill is to change the provisions by which certain work on privately owned or controlled structures is exempt from the requirement of an architect's or engineer's seal or stamp. The bill changes the criteria from a dollar value to an exemption based primarily on square footage. This bill will deal with the problem that, over a period of time, exempt work has involved smaller and smaller structures due to the effects of inflation. In addition, the bill specifies the limitation of the structural engineer's responsibility regarding the stamping or sealing of plans.

Your Committee received testimony from the American Society of Interior Designers and several interior designers to the effect that interior designers would be seriously and adversely affected by this bill. Your Committee also received testimony from the Structural Engineers Association of Hawaii that the exclusion provided for small dwellings should be clarified.

Your Committee received testimony from the building officials from various counties, as well as the Structural Engineers Association of Hawaii that this bill considers the health, safety and welfare of the general public and provides fair and just treatment of the design professionals.

Your Committee has amended the bill to make it clear that the intent is not to include interior design work which do not affect the structural elements of the building. Your Committee has also clarified the exclusion for small dwellings.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3284, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Peters.

SCRep. 576-88 Consumer Protection and Commerce on H.B. No. 2276

The purpose of this bill is to equalize the opportunity for subagents to represent any number of general agents or domestic insurers for life insurance. Under present law, subagents may have any number of property or casualty appointments but only one appointment for life insurance. This bill would allow a subagent to have any number of appointments for life insurance.

Your Committee received testimony that an additional amendment to HRS Section 431:9-217(a) is needed to allow solicitors to represent the general agent for the insurance products that are available through the general agent that appointed the subagent. Your Committee has amended this bill to reflect this testimony.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2276, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2276, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 577-88 Consumer Protection and Commerce on H.B. No. 2499

The purpose of this bill is to require new vehicle dealers, who provide a warranty to purchasers, to inform purchasers in writing of the geographical location to which the vehicle must be taken for work necessary under the warranty.

Your Committee received testimony that in some cases warranty work is not available at the closest local dealer of the particular make of automobile. Your Committee was made aware of a specific instance where a certain accessory, which had been added by the dealer could not be repaired locally when the automobile was shipped to another county.

Your Committee received testimony on behalf of auto dealers to the effect that the provisions of the bill as originally drafted would create extreme difficulties because dealers would have no way of knowing or listing the availability of warranty repairs in all geographic locations. In light of this testimony your committee has amended the bill to require purchasers to be put on written notice that warranty repairs for accessories not installed by the vehicle manufacturer may not be obtainable in geographic locations other than that of purchase.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2499, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 578-88 Consumer Protection and Commerce on H.B. No. 3287

The purpose of this bill is to eliminate certain redundant definitions in section 437B. The bill adds a new definition for "certified mechanic" and deletes the definitions for "apprentice/trainee" and "registered-certified mechanic".

Your Committee received no testimony against this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. 3287 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 579-88 Consumer Protection and Commerce and Judiciary on H.B. No. 2037

The purpose of this bill is to require the director of the Department of Commerce and Consumer Affairs to establish and monitor an arbitration program, which is not affiliated with the manufacturers, and which is in substantial compliance with title 16, Code of Federal Regulations, part 203, as modified by Chapter 490, Hawaii Revised Statutes. The informal programs presently available through the manufacturer's participation do not all provide the remedies required by the present law. This bill will also make the arbitration program mandatory for the consumer's participation if the manufacturer agrees to participate and be bound by the arbitration program. This bill also encourages both parties to refrain from seeking a trial de novo by requiring the award of attorney's fees and costs payable by the party seeking trial if that party's position is not improved by twenty-five per cent. This bill will also provide a mechanism for funding each arbitration through a filing fee to be paid by both the consumer and manufacturer upon initiating a case for arbitration and will further provide for the return of that fee to the prevailing party.

The Department of Commerce and Consumer Affairs conducted a survey and prepared a report on the workings of the present "Lemon Law". The study conducted by Department of Commerce and Consumer Affairs found that, where manufacturers had direct influence or control over the results, arbitration was for the most part unresponsive to consumer needs. The study also determined that states with state controlled or monitored arbitration systems have had a higher rate of success meeting the original intentions of "Lemon Laws".

The Department of Commerce and Consumer Affairs testified in favor of the bill but suggested the bill be amended to give the consumer, rather than the manufacturer the choice of mandated arbitration.

Your Committees are in agreement with this suggested change in the bill and have amended the bill to reflect this change. Additionally your Committees are not in agreement with the provision of the bill which would make the award at arbitration admissible as evidence in a trial de novo. Your committees have therefore amended the bill to provide that the award at arbitration shall not be admissible in a trial de novo.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 2037, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2037, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 580-88 Consumer Protection and Commerce on H.B. No. 3321

The purpose of this bill is to amend the Hawaii Corporation Act, Hawaii Professional Corporation Act and the Hawaii Nonprofit Corporation Act to clarify the language and amend certain definitions.

This bill amends Chapter 415, Business Corporation Act changing the reference from "registered" to "principal" office, deletes references to section 415-55 for consistency, corrects a reference to section 415-88 to require a residence address; clarifies information in section 415-89 required when more than one class of shares votes; deletes reference in Section 415-96 to "member" of stock corporation and clarifies in section 415-126 that annual reports are required to be filed every year.

Chapter 415, Professional Corporation Act is amended by correcting requirements in section 415A-14.6 for articles of incorporation to include principal office, directors and officers, and correcting statutory reference regarding discretionary matters in articles of incorporation, and by deleting the reference in section 415A-14.8 to incorporators because board of directors is responsible after incorporation.

Chapter 415B, Nonprofit Corporation Act is corrected to reinsert language inadvertently deleted in previous revisions.

Chapter 419, Sole Corporations, is amended by changing references from "petition" and "charter" to "articles of incorporation" amend the requirement in section 419-2 to provide "verified" information to "certified" information and provide a reference to chapter 415B in that same section.

Chapter 421, Agricultural Associations, is amended by amending the definition of articles of "association" to articles of "incorporation", amending the requirement of "signed and acknowledged" articles of incorporation to "certified and executed" articles of incorporation, and in section 421-4, deleting the reference to par value and limits of extension of authorized capital stock.

Chapter 421C, Consumer Cooperative Associations, is amended by the definition of "articles" to read "articles of incorporation", amending references from "petition" to "articles of amendment", and in section 421C-11.5 this bill deletes the words "post office" from the address, "par value" and if the privilege of subsequent extension of the authorized stock is asked for, the limit of the extension; "language" is deleted from the description of stocks.

Chapter 421H, Limited-Equity Housing Cooperatives, is amended by amending references from "charter" to "articles of incorporation".

Chapter 422, Fish Marketing Associations, is amended by amending the definition of "articles" to read "articles of incorporation", and by requiring that the articles of incorporation be "certified and acknowledged".

Your Committee has received testimony from the Department of Commerce and Consumer Affairs in favor of this bill with certain amendments.

Accordingly, your Committee has amended the bill to delete section 11 of this bill because that section is included in another measure.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purposes of H.B. No. 3321, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3321, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 581-88 Consumer Protection and Commerce on H.B. No. 2282

The purpose of this bill is to liberalize the scheme under which commissions can be paid on insurance business. Under present law, an insurer can compensate licensed subagents or licensed solicitors directly only if the subagents or solicitors are appointed by the insurer. This bill would allow direct compensation by the insurer of subagents or solicitors appointed by the general agent. The present law works well when an insurer is also the general agent, but that is not the case with respect to foreign insurers.

The bill would also allow a general agent to compensate subagents and solicitors who have been appointed by another general agent.

Your Committee received testimony indicating that it would be desirable to eliminate the property and liability sector of the insurance industry from the provision allowing compensation, by general agents, of subagents and solicitors appointed by another general agent. Your Committee is in accord with this recommendation and has amended this bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2282, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2282, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 582-88 Consumer Protection and Commerce on H.B. No. 3283

The purpose of this bill is to provide a definition of the term "license" for any chapter or section dealing with the Department of Commerce and Consumer Affairs and any board or commission thereunder.

Your Committee received testimony from the Office of the Consumer Protector that, at least on one occasion recently, a court has construed the term "license" to be different in meaning from other terminology devoting permission from the Department of Commerce and Consumer Affairs to engage in certain activity. Your Committee finds that various terms have been used throughout the Statutes, in place of, or interchangeable with, the term "license" in connection with the Department of Commerce and Consumer Affairs. It is the intent of your Committee to clarify that the term license includes the other terms enumerated in this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3283 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 583-88 Consumer Protection and Commerce on H.B. No. 3529

The purpose of this bill is to reorganize the definition section of Chapter 464, Hawaii Revised Statutes, additionally the definitions are clarified. The bill also replaces the term "supervision" of construction with "observation" of construction and provides that a quorum may be established in meetings of the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects. The bill also adjusts the section on qualifications with respect to years of experience necessary with differing educational backgrounds. The bill also provides that persons who fail to reinstate their certificate of registration within one year of the year of its expiration shall reapply for registration.

Your Committee received testimony generally in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3529 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 584-88 Consumer Protection and Commerce on H.B. No. 2878

The purpose of this bill is to expand the definition of insurable interest to include charitable organizations.

Your Committee received testimony in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2878 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 585-88 Consumer Protection and Commerce on H.B. No. 2519

The purpose of this bill is to extend the sunset review repeal date of Chapter 468E, Hawaii Revised Statutes, which had been set for repeal effective December 31, 1994.

Your Committee has made certain non-substantive technical changes for the purpose of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2519 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 586-88 Consumer Protection and Commerce on H.B. No. 2357

The purpose of this bill is to extend the sunset review repeal date of Chapter 442, Hawaii Revised Statutes, (Board of Chiropractic Examiners), which had been set for repeal effective December 31, 1988. The bill now sets Chapter 442 for repeal effective December 31, 1994.

The bill would also delete provisions in the current statute giving the Board the power to promulgate by rule a continuing education requirement for licensees and also clarifies that an applicant shall be required to pass parts I and II of the National Board of Chiropractic Examiners written examination as well as the written clinical competency examination in order to qualify for the state chiropractic examination.

Your Committee received testimony generally in favor of this bill, but the testimony indicated that the continuing education requirement should not be eliminated.

Your Committee agrees that the continuing education requirement should be maintained and has amended the bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2357, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2357, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 587-88 Consumer Protection and Commerce on H.B. No. 2280

The purpose of this bill is to extend the sunset review repeal date of Chapter 436E, Hawaii Revised Statutes, (Board of Acupuncture), which had been set for repeal effective December 31, 1988. This bill now sets Chapter 436E for repeal effective December 31, 1994.

The bill would also define the term "approved school" and change the definition of "earned degree" to "earned doctoral degree" and require that such a degree be obtained from an accredited college or university. The bill would also allow student practice while enrolled in a clinical internship program. The bill would also require that, before an applicant can be eligible for examination, the applicant must have received a certificate or diploma from an approved school.

The bill would also allow a licensee to use the term "Doctor" or the prefix "Dr." provided the word "Acupuncturist" immediately follows the licensee's name and the licensee has earned a doctoral degree. The use of the term "Ph.D" has been eliminated by this bill, in connection with licensees.

The bill would also require accreditation of foreign universities or colleges before earned doctoral degrees from those institutions could be recognized by the Board.

Your Committee heard testimony that the Legislative Auditor has concerns regarding the potential for abuses in the use of titles by the acupuncturists. The Board of Acupuncture is concerned about the qualified licensees with advanced training in acupuncture and oriental medicine who are already using doctoral titles.

Your Committee heard testimony that, since there are no accredited acupuncture schools, and foreign institutions are not accredited by the same process, no one would be able to use doctoral titles under this bill. Your Committee recognizes these concerns and has therefore amended this bill by restoring the current provisions of the law. Your Committee has also advanced the sunset review provision to December 31, 1991, and will at that time again examine the question of accreditation of universities and colleges in relationship to the use of doctoral titles if it appears to be necessary at that time.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2280 H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 588-88 Consumer Protection and Commerce on H.B. No. 2404

The purpose of this bill is to clarify that liability coverage provided under Chapter 435E, Hawaii Revised Statutes, meets the liability insurance coverage requirement for professional corporations.

Your Committee received testimony from the Department of Commerce and Consumer Affairs to the effect that they had always assumed that coverage under Chapter 435E did meet the liability insurance coverage requirement for professional corporations, but they were nevertheless in favor of this bill with the deletion of references to "similar" coverage.

Your Committee concurs with this suggested change and has amended this bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2404, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2404, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 589-88 Consumer Protection and Commerce on H.B. No. 3611

The purpose of this bill is to replace language in Section 430-94, Hawaii Revised Statutes, which was inadvertently deleted last year when this section was amended. The language to be replaced imposes restrictions on loans which a bank may make to its officers, directors, agents or employees.

Your Committee received testimony in favor of this bill and none in opposition.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3611 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 590-88 Consumer Protection and Commerce on H.B. No. 3295

The purpose of this bill is to transfer jurisdiction over foreign lenders from the Business Registration Division to the Division of Financial Institutions within the Department of Commerce and Consumer Affairs. The bill also sets fees for filing and renewal of the statement to be filed with the Commissioner. The bill also specifies that in giving notice of and conducting hearings the Commissioner shall comply with the provisions set forth in Chapter 91, Hawaii Revised Statutes.

Your Committee received favorable testimony on this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3295 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 591-88 Consumer Protection and Commerce on H.B. No. 3532

The purpose of this bill is to establish a uniform grading system for the Board of Pharmacy's Federal Drug Law and State Jurisprudence licensing examination consistent with the scoring for the National Association of Boards of Pharmacy Licensure Examination.

Your Committee received testimony that the bill's change from "per cent" to a point score will have very little impact to the final score since the grading system converts raw scores to "points". This change will essentially impact only those scores of 74.5 or greater but below 75. Under the "point system" this would not be a passing score but under the present "per cent" system the score would be rounded up to 75%, or passing.

Your Committee received no testimony in opposition to this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3532, and recommends that it pass Second Reading, and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 592-88 Consumer Protection and Commerce on H.B. No. 2527

The purpose of this bill is to amend Hawaii's "Lemon Law" by requiring parties to arbitrate matters under the "Lemon Law", as though they had agreed to submit the dispute under section 658-1, in the case where no informal dispute procedure is specified by contract or agreed to by the parties. The bill would also toll the time to bring an action during the time the dispute is in arbitration under chapter 658 as well as provide that a consumer who brings a legal action, after prevailing in arbitration or the informal dispute procedure, shall be awarded court costs and reasonable attorney fees. Additionally, if the consumer establishes that the manufacturer wilfully failed to comply with the "Lemon Law", the court may include a civil penalty against the defendant not to exceed two times the amount of actual damages.

Finally, the bill provides that when a vehicle is transferred to a dealer or manufacturer by a consumer under this section, it may not be sold or leased unless the nature of the defect is clearly and conspicuously disclosed, the defect is corrected and the manufacturer warrants to the new consumer, in writing, for a period of one year, that the vehicle is free of that defect.

Your Committee received favorable testimony on this bill, however, concern was expressed that it should be made clear that the provisions of this bill would not limit or undercut the state certified arbitration program provided in H.B. No. 2037 earlier passed out by this Committee.

Your Committee also received testimony that the provision requiring the manufacturer's warranty regarding the defects should be clarified to indicate that in case the defect reappears within the year, the manufacturer will repair the defect.

In light of the testimony, your Committee has amended the warranty provisions and has deleted all of the other portions of the bill except for the provisions dealing with the resale of vehicles transferred under the "Lemon Law".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2527, as amended herein, and recommends that it pass Second Reading, in the form attached here to as H.B. No. 2527, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 593-88 Consumer Protection and Commerce on H.B. No. 3528

The purpose of this bill is to exempt ocularists from the licensing requirements of dispensing opticians. Currently, Chapter 458, Hawaii Revised Statutes can be read to require an ocularist to be licensed as a dispensing optician in order to practice the manufacturing and fitting of ophthalmic prosthetics.

The Board of Dispensing Opticians testifies that this licensure is not necessary providing the ocularist is performing under the supervision of a licensed physician who is an ophthalmologist. This bill so provides.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3528 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 594-88 Consumer Protection and Commerce on H.B. No. 3527

The purpose of this bill is to clarify the authority of the Director of the Department of Commerce and Consumer Affairs to set fees with respect to Chapter 444, Hawaii Revised Statutes. The bill also clarifies that licensees are required to submit proof that the licensee has maintained financial integrity before the board renews a license.

Your Committee received testimony from the Department of Commerce and Consumer Affairs that this bill is basically a housekeeping measure to conform Chapter 444 with Section 26-9 (k), Hawaii Revised Statutes, with respect to the Director's power to set fees. The Director has already promulgated administrative rules setting fees for Chapter 444 requirements.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3527 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 595-88 Consumer Protection and Commerce on H.B. No. 3301

The purpose of this bill, which is generally housekeeping in nature, is: to reenact amendments made to the insurance laws in the 1987 Legislative Session, and to ensure that those amendments are not repealed by virtue of the effective date of Act 347, Session Laws of Hawaii 1987.

Your Committee received testimony in favor of this bill with certain technical corrections and the understanding that it will still be the case that Act 97, Session Laws of Hawaii 1987, does not create a private cause of action.

Your Committee has made amendments to this bill consistent with the testimony received. Certain technical, nonsubstantive amendments were also made for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3301, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3301, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 596-88 Consumer Protection and Commerce and Judiciary on H.B. No. 3600

The purpose of this bill is to require that all paid listings or advertisements for contractors in any directory include the contractor's current license number, and to require the publisher or producer of the directory to require proof of current license registration.

Testimony indicated that the State of Hawaii filed suit against Hawaiian Telephone for failure to comply with the provisions of the current law. The suit was dismissed by the Circuit Court because the terminology "in-column listings" was vague. The dismissal is presently on appeal. The intent of this bill is to remedy the "vagueness" by clarifying that the contractors' license number must appear in all their advertising.

Hawaiian Telephone testified that private publishers should not be required to assume responsibility for policing the advertising practices of unlicensed contractors. They further testified that this bill would not correct any constitutional defects.

Your Committees have amended this bill to address these concerns by providing that a publisher or producer who obtains a signed statement from the contractor stating that the contractor has read the text of the advertisement or listing, (and also has an applicable and current contractor's license for the goods and services listed, has included all applicable and current license numbers in the advertisement or listing, and is aware of the civil and criminal penalties for advertising without a license), is entitled to a rebuttable presumption of compliance with subsection (b) of section 444-9.2.

The amended bill further provides that upon the entry of a final order of the Contractors License Board or the judgment of a court finding that the contractor has advertised in violation of section 444-9 or 444-9.2(a), the public utility providing telephone service to the contractor shall disconnect the telephone number contained in the advertisement or listing. Good faith compliance with these provisions is a complete defense to any civil or criminal action brought against a utility arising from the termination of telephone service.

Your Committees have also been informed that the Department of Commerce and Consumer Affairs, Hawaiian Telephone and GTE Directories Corporation have reached an agreement among themselves to avoid confusion or conflict over this amendment.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 3600, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3600, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Metcalf.

SCRep. 597-88 Consumer Protection and Commerce on H.B. No. 2520

The purpose of this bill is to require insurers to include coverage for underinsured motor vehicles in no-fault policies, unless the insured declines the coverage in writing. Underinsured motorist coverage would then be treated in the same manner that uninsured motorist coverage is presently treated. The bill would also require the face of the policy to contain notice of uninsured and underinsured coverage. The notice would contain blanks to be signed by the insured in order to indicate rejection of the coverage.

Your Committee received testimony from the Department of Consumer Affairs and Commerce in favor of this bill but expressing concerns with the notice requirement. The basic concern was that the insured would not get the policy until after the policy has been issued. This would lead to the result that an initial premium would be paid and then a refund issued if the insured rejected the coverage. The insurance industry testimony generally echoed the testimony of the Department of Consumer Affairs and Commerce.

Your Committee, in light of these suggestions, has amended this bill to delete the notice provisions. Your Committee believes that the requirement for written rejection by the insured will operate to provide sufficient notice of these provisions.

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

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2520, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2520, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 598-88 Consumer Protection and Commerce on H.B. No. 3286

The purpose of this bill is to clarify and modify several provisions with respect to the licensing of psychologists. The bill clarifies the definition of "psychologist"; changes the terminology of "exception" to "exemption"; clarifies the requirements for psychological assistants; requires licensure of psychologists providing diagnostic or treatment services in clinical psychologist civil service positions; provides special licensure provisions for clinical psychologists employed in the state in non-emergency hire positions prior to January 18, 1988; provides time periods by which civil service clinical psychologists shall be licensed; clarifies the use of titles for exempted students and interns; clarifies the requirements for industrial/organizational psychologists; and provides that psychologists exempted by this chapter are not prevented from providing expert testimony.

Your Committee received favorable testimony on this bill from the Board of Psychology. The Board indicated that many of the provisions of this bill incorporate provisions of the American Psychological Association proposed Mode 1 Act to establish national guidelines for the practice of psychology.

Your Committee received testimony from the Department of Education concerning civil service positions exempted by the phrase ". . . or a position that does not involve diagnostic or treatment services". Your Committee intends that all civil service psychologists providing diagnostic or treatment services in a clinical psychologist civil service appointment must be licensed. School psychologists or psychological examiner positions and positions not involving diagnostic or treatment services will continue to be exempt.

Your Committee also received testimony from the Department of Health in favor of this bill. They recommended that the provisions for licensing of government psychologists be placed in a separate section for purposes of clarity. Your Committee agrees with this suggestion and has amended the bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3286, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3286, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 599-88 Consumer Protection and Commerce and Judiciary on H.B. No. 3602

The purpose of this bill is to bring the franchise laws into alignment with the securities laws by allowing the Department of Commerce and Consumer Affairs to use cease and desist orders to stop situations where problems are arising. The penalties for violating the franchise statutes will be comparable to those for violating the securities statutes. The statute of limitations will also be the same as for securities law violations.

The Department of Commerce and Consumer Affairs testified favorably on this bill and indicated that there has recently been a rapid growth in the number of franchises registered with the State. Consequently, the expected number of

problems related to fraudulent or unsubstantiated offerings is expected to increase. The enforcement powers provided in this bill are expected to allow the Department to take a pro-active position in the franchise area before abuses could get out of hand.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 3602, and recommend that it pass Second Reading, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 600-88 Consumer Protection and Commerce on H.B. No. 3603

The purpose of this bill is to clarify language, establish the authority of the Department of Commerce and Consumer Affairs to adopt fees by rule, and delete a reference to a federal statute that has been repealed.

Your Committee received testimony in favor of this bill and no testimony in opposition.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3603, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 601-88 Consumer Protection and Commerce on H.B. No. 3595 (Majority)

The purpose of this bill is to assist businesses in this State to retain the best possible individuals to serve on boards of directors. The bill would provide that a corporation, by vote of its shareholders, could eliminate or limit the personal liability of its directors or officers to the corporation or to its shareholders from monetary damages for breach of duty to the corporation.

Your Committee received testimony from the Department of Commerce and Consumer Affairs that this bill will be a signal of the State's commitment to a business climate which fosters corporations domiciling and remaining in Hawaii.

Your Committee has made certain changes to this bill to reflect more closely what the Committee intends. Specifically, your Committee removed the language "eliminate or limit" and substituted the term "assume", thus allowing the corporation to assume personal liabilities. Your Committee also eliminated officers from the benefit of this bill as your Committee believes the measure is aimed at boards of directors. Finally your Committee removed the language "fraudulent, dishonest" and substituted the terms "intentional or grossly negligent".

Your Committee does not, by this bill, intend to relieve directors of their duty of loyalty or any liability for breach of that duty.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3595, H.D. 1 and be placed on the calendar for Third Reading.

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

SCRep. 602-88 Consumer Protection and Commerce on H.B. No. 479

The purpose of this bill is to require that notices of termination of a month-to-month tenancy must be made in writing.

Your Committee received testimony from the Office of Consumer Protection that presently there are no disputes over an oral notice. Whenever landlords or tenants call to inquire as to the proper practice, the Consumer Protector always advises that the more prudent course is to reduce all notices to writing.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 479, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 603-88 Consumer Protection and Commerce on H.B. No. 2222

The purpose of this bill is to lengthen the notice period required of a landlord to terminate a month-to-month tenancy, from twenty-eight days to forty-five days. Under this bill the tenant would still only be required to give twenty-eight days notice to the landlord to terminate a month-to-month tenancy.

Your Committee received testimony from the Office of Consumer Protection that it does receive calls, albeit infrequently, where tenants have been given appropriate notice but request additional time to find a new residence.

Your Committee also received testimony from the City and County of Honolulu Department of Housing and Community Development to the effect that the City has intervened in several situations involving evictions of low-income families which had difficulty in finding rental units they could afford within the 28-day notice period.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2222, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 604-88 Consumer Protection and Commerce on H.B. No. 3308

The purpose of this bill is to amend section 467-14, Hawaii Revised Statutes, to include the failure of a real estate licensee to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill its obligation to avoid error, misrepresentation or concealment of material facts, as a cause for revocation or suspension of the right of the licensee to use the license. This bill also repeals Section 467-31. This section imposes a duty on a licensee to disclose that the subject real property is situated within one of four specified areas, subject to each county providing maps detailing these four areas.

Your Committee received testimony from the Real Estate Commission and others in favor of this bill and indicated that the counties do not have maps available for this purpose set forth in this Act. Nor do they plan to have the four specific maps available, with the exception of the City and County of Honolulu who may have the Airport Noise Map available for a few airports.

Your Committee on Consumer Protection and Commerce is in accord with the purpose and intent of H.B. No. 3308, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 605-88 Consumer Protection and Commerce on H.B. No. 3531

The purpose of this bill is to clarify certain provisions with respect to licensure of the practice of medicine and surgery. The bill clarifies that commissioned medical officers in the U.S. armed forces are exempt. The bill deletes a reference to temporary licenses being issued without regard to Section 453-4(4), Hawaii Revised Statutes (HRS), relative to residency, since that section has been repealed. The title of HRS Section 453-4, is amended by this bill to reflect the application of that section to licensure as well as examination. The bill adds a provision for denying the certification of physician assistants and repeals the provision with respect to examination proctoring. The bill also makes disciplinary action taken by a federal agency a basis for revocation, limitation, suspension, or denial of a license by the Board of Medical Examiners, as well as adding the revocation, suspension, or other disciplinary action of a medical privilege by another state or federal agency as a basis for the same action.

Your Committee received testimony from the Board of Medical Examiners in support of this bill. They suggested further amendments to HRS Sections 453-5.3 and 453-32.5 to provide that temporary certification provisions for physician assistants and emergency ambulance personnel will be allowed only for those applicants who have graduated from an approved training program in the past twelve months.

Your Committee concurs with the recommendations and has amended the bill to reflect those changes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3531, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3531, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 606-88 Consumer Protection and Commerce on H.B. No. 478

The purpose of this bill is to amend section 521-73, Hawaii Revised Statutes, by adding new language which states that "If the tenant refuses to allow lawful access, the landlord may obtain injunctive relief to compel access, or terminate the rental agreement. In either case, the landlord may recover actual damages and reasonable attorney's fees".

Your Committee received testimony from the Department of Commerce and Consumer Affairs and the Hawaii Association of Realtors on this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 478 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 607-88 Consumer Protection and Commerce on H.B. No. 3613 (Majority)

This is in essence an anti-takeover bill which provides that where a corporation has classified directors (directors with staggered terms), only those directors with expiring terms can be replaced without cause. Other directors could be removed only for cause.

The bill provides that in the case of a corporation whose board of directors is classified, either pursuant to Section 415-37 of the Hawaii Business Corporations Act which became effective July 1, 1987 or pursuant to bylaws adopted before July 1, 1987, shareholders may remove directors only with cause.

Testimony from large publicly held corporations indicated that Section 415-39, Hawaii Revised Statutes, which became effective on July 1, 1987 as part of the Hawaii Business Corporations Act, now provides that shareholders may remove a director with or without cause. The statute does not expressly permit the articles of incorporation to provide that directors may be removed only for cause. Further testimony indicated that adoption of Section 415-39 in its present form effectively negated bylaws adopted before July 1, 1987 which authorized staggered terms of directors.

The Director of Commerce and Consumer Affairs testified that this bill would burden all shareholders by denying their current right to remove all directors by majority vote. The Director further testified that of all of the takeover measures under discussion at this session of the Legislature, this bill gives him the most pause. The Director did testify that staggered terms provide stability and concluded that ultimately the issues dealt with in this bill were a policy question for the Legislature.

Your Committee received testimony from AMFAC that many Hawaii corporations had classified boards of directors before July 1, 1987. The classified boards were usually required by bylaw amendments approved by shareholders. The benefits which the shareholders had chosen, afforded by classified directors, were drastically diluted when Section 415-37, Hawaii Revised Statutes, became effective on July 1, 1987. Your Committee, after carefully weighing the testimony, decided to restore to Hawaii corporations the advantages of continuity and stability provided by classified boards of directors and by restoring any provisions of bylaws, adopted before July 1, 1987, against removal of directors without cause.

Your Committee amended the bill to reflect and clarify this intent by adopting the following language suggested by AMFAC as the amendatory portion of this bill:

"unless the articles of incorporation provide that directors may be removed only for cause, provided that in the case of a corporation whose board is classified pursuant to a provision of its articles of incorporation or bylaws adopted before July 1, 1987, shareholders may remove a director or the entire board of directors only for cause (unless otherwise provided in the articles of incorporation)."

Your Committee understands that this is the same language as is contained in the Senate Bill on the same subject matter.

The purpose of the amendment to this bill is to continue the general policy that directors may be removed with or without cause, to enable corporations to affirmatively provide in the articles of incorporation that directors may be removed only for cause, but to provide that directors serving on classified boards established under prior law may be removed only for cause unless the articles of incorporation affirmatively provide that such directors may be removed with or without cause.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3613, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3613, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 608-88 Consumer Protection and Commerce on H.B. No. 3311

The purpose of this bill is to allow naturopaths to perform minor surgery, take x-rays, prescribe prescription drugs and controlled substances, and use appliances, instruments, and devices.

Your Committee received much testimony from the Director of Health, Naturopaths, M.D.s, and patients of naturopaths. The testimony from the Director of Health and the M.D.s was, in the main, strongly opposed to the provisions of this bill. The testimony from the naturopaths and their patients was strongly in favor of the bill.

Your Committee has concluded that most, if not all of the provisions of the bill are not appropriate for the practice of naturopathy. Your Committee has therefore amended the bill by removing provisions which would allow naturopaths to perform surgery, take x-rays, prescribe prescription drugs and controlled substances, and use appliances, instruments and devices.

Your Committee did receive testimony to the effect that naturopaths would like to be able to "order" x-rays from appropriately qualified and licensed physicians. While your Committee is of the opinion that x-rays can be "ordered" by naturopaths under the current law, your Committee has amended this bill to clarify that understanding. This action is not intended in any way to "require" licensed physicians to, in fact, take and provide x-rays to naturopaths.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3311, as amended herein, and recommends that it pass Second Reading, in the forum attached hereto as H.B. No. 3311, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 609-88 Consumer Protection and Commerce and Health on H.B. No. 2779 (Majority)

The purpose of this bill is to mandate the coverage of child health supervision services as an option in all individual and group accident and sickness insurance policies, individual or medical service plan contracts, nonprofit mutual benefit associations, and health maintenance organizations. The bill has been amended to make this a mandated offering of such insurance. The reference to health maintenance organizations has been deleted since the amended chapters refer to insurance and there is a question as to whether or not health maintenance organizations are considered insurance entities.

Your Committees find that the Legislative Auditor's Report "Study of Proposed Mandatory Health Insurance for Well-Baby Services" of January 1988 has drawn conclusions that are not supported by data presented to the Committees.

The Report's assertions that "there is no evidence that current coverage is inadequate," or that "there is no evidence that more coverage would lead to better health," were hotly disputed by Hawaii's leading experts and professionals in child health.

Specifically, testimony received from the Hawaii Medical Association found that 40% of HMSA plans for children under two years of age were "inadequate", or less than proposed in the bill. Of the 193 different plans available to these patients, 76 provided no coverage at all for office visits. For the gap group, children age 2 to 5, 97% of the plans were determined to be inadequate. And for all children covered by HMSA or by commercial insurance, 76% were found to have inadequate coverage from birth to six years. The definition of inadequate coverage used in this assessment was the same as that used in the Legislative Auditor's report.

Your Committees further find that the Auditor's report seriously misunderstood a major study, the "Rand Study", on child health services. The "Rand Study" attempted to measure improved health by looking at a number of afflictions which are seldom influenced by well-baby check-ups, namely hay fever, hearing loss, vision loss, etc. More to the point, proponents assert that the most important benefit of well child visits is in education of the parents on good health and safety. This tends to result in direct savings by eliminating unnecessary emergency room visits. Parental health care is especially helpful in dealing with dietary control of obesity, fever management, accident and poisoning prevention, the management of seizures, gastroenteritis and upper respiratory diseases.

Your Committees heard testimony expressing the concern that any mandated insurance coverage might be liable to preemption by the Federal ERISA statute. An opinion issued February 26, 1988 by the State of Hawaii Attorney General, however, cites a 1985 U.S. Supreme Court decision finding unanimously that "a state law which required health insurers to provide mandatory minimum benefits was not preempted by ERISA". The Attorney General opines that based on this decision and other factors he is "sufficiently satisfied" that the proposed law would not pose a constitutional problem were it to be enacted.

Your Committees received testimony in support of mandatory well child coverage from the Department of Health, the Office of Children and Youth, Dr. Fernando Atienza, President of the American Academy of Pediatrics, Dr. Wallace Matthews of the Hawaii Medical Association, Dr. Joseph Young of the State EPSDT, the Hawaii Nurses Association, the Hawaii Public Health Association, and Healthy Mothers, Healthy Babies. Testimony in opposition to mandatory coverage was submitted by HMSA and by Kaiser Permanente.

Your Committees have amended the bill in the following ways:

1. We have specified that a mandatory offer of child health coverage be substituted for a mandatory option.
2. We have deleted the phrase "nonprofit mutual benefit association" from Section 1(a) of the bill since such organizations are addressed in Section 2(a) of the bill.
3. We have deleted "health maintenance organization" from the same subsection since these organizations are not technically insurance providers and hence not subject to such regulations. It is your Committees' intent to address the regulatory status of health maintenance organizations in the future.
4. We have added a severability clause as a new Section 3 to the bill and re-numbered the subsequent sections. An error in the numbering of the original sections has also been corrected.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of H.B. No. 2779, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2779, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.
(Representatives Andrews and Jones did not concur.)

SCRep. 610-88 Consumer Protection and Commerce and Health on H.B. No. 2783 (Majority)

The purpose of this bill is to regulate rates for sickness and health policies. The bill would require persons offering such policies to submit their rates and rules to the Insurance Commissioner for approval prior to implementation. The bill provides that rates shall not be excessive, inadequate or unfairly discriminatory. The bill provides that the Insurance Commissioner shall promulgate rules and regulations to effectuate this bill, including with respect to rates.

Your Committees received testimony from Hawaii Medical Services Association (HMSA) in opposition to this bill. HMSA also testified that 94% of every dollar received in "dues" from their member is returned, which is the highest rate benefit return in Hawaii. HMSA has 555,000 members and, in 1986, collected \$378,387,188 in dues.

Your Committees received testimony from the International Longshoremen's & Warehousemen's Union (ILWU) that HMSA recently served notice to the hotel industry of a 27% increase in health plan rates. Stunned by such a large increase, the ILWU looked into how health plan rates are made and were alarmed to discover that there is no regulation by the State and no review by the Insurance Commissioner.

Upon questioning by the members of your Committees, HMSA testified that it had paid \$23,000,000 in cash for its new building and had close to \$100,000,000 in reserves.

Your Committees received testimony from the Insurance Commissioner that the Insurance Division understands the intent of this bill and does not oppose its passage. The Insurance Commissioner cautioned that to regulate rates for sickness and health policies would require an additional budget of approximately \$400,000.

While your Committees would be uncomfortable committing the State to a course of action which would cost so much money without further study and understanding of whether a problem actually exists, your Committees are very concerned at the magnitude of this unregulated insurance-like activity. HMSA alone directly affects the health-care cost of at least 555,000 people which constitutes a very large percentage of this State's population.

Your Committees have decided, therefore, to amend this bill to require information to be filed with the Commissioner, beginning on July 1, 1989. Your Committees have removed all of the regulatory provisions from this bill except those required to collect the information required.

After the Insurance Commissioner has had the opportunity to experience the collection of and examine the information required, it is anticipated that a better basis will exist for making the decision of whether or not to regulate these rates.

Your Committees have not included health maintenance organizations, such as Kaiser, because your Committees felt that the appropriate statutory framework does not exist for that purpose. Your Committees, however, hope that the Health Maintenance Organizations in operation in this State will voluntarily comply with the provisions of this bill as amended.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of H.B. No. 2783, as amended here, and recommend that it pass Second Reading, in the form attached hereto as H.B. No. 2783, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Cavasso.
(Representative Andrews did not concur.)

SCRep. 611-88 Consumer Protection and Commerce on H.B. No. 2036

The purpose of this bill is to address areas of concern in the motor vehicle rental industry. The primary problem is the collision damage waiver (CDW).

This bill would add a new chapter to regulate the motor vehicle rental industry. The bill would require the filing of annual statements with the Director of Commerce and Consumer Affairs. Rental agreements would also have to be filed with the Director at least thirty days before their effective date. Each rental agreement containing a collision damage waiver shall be written in plain language and shall prominently disclose the terms of the CDW, any restrictions on the CDW printed in large type, a statement of the charge per day and total charge for the term of the agreement, a notice which briefly explains the CDW, and the statement that the CDW is not mandatory.

The bill also requires filing with the Director of CDW rates and supplementary rate information and requires that the rates shall not be excessive or unfairly discriminating and shall be subject to the approval of the Director. The bill would also establish requirements for advertising, oral or written statements, posting and pamphleting of CDW rates, and acknowledgment by the consumer.

The bill would also prohibit deposits or advance charges against the credit card of the consumer for damage to the rental vehicle. Additionally, no payment can be charged for any damage until agreed to or determined by law.

The bill also requires notice and posting of Hawaii's seat belt and drunk driving laws.

The bill prohibits any practices constituting a violation of HRS Chapter 480 and lists per se violations. The bill also provides for civil penalties for violations.

Your Committee received testimony with respect to complaints centering on the excessive cost, unfair marketing techniques, and misrepresentation in marketing. Advertising which fails to disclose the true nature of the rental transaction greatly compounds these problems with CDW.

The Office of the Consumer Protector testified that oftentimes the customer is presented with three options at the rental counter: (1) buying the CDW, (2) leaving a \$3,000 deposit to cover potential damage, or (3) doing without the car. Consumers are told that the rental company does not recognize the consumers own insurance and that the consumer is

directly liable to the company for any damage or that state law voids mainland insurance coverage. Consumers are also told that if damages are not paid the company will call the police and the consumer will be jailed.

The Office of the Consumer Protector also testified that consumers are kept in the dark about refueling charges.

Representatives of the motor vehicle rental industry testified that practices with respect to CDW varied from company to company.

Based upon testimony by the Office of the Consumer Protector and the industry and negotiations between them, your Committee has made certain amendments to this bill.

Certain definitions were made more specific. The annual statement requirement was eliminated. The provision requiring the Director to approve rental agreements has been eliminated but rental agreements would still be filed with the Director before use. The requirements of rental agreements containing a CDW have been modified. The filing and approval of CDW rates have been eliminated. The requirements for advertising, oral or written statements, posting and pamphleting have been modified, as have the requirements for acknowledgement by the lessee.

Provisions for regulation of the fuel charge have been modified and made more detailed and placed in a separate section. Additionally, the amendments to this bill require that the daily and periodic rental cost shall include the amount of each charge, other than the general excise tax, to the consumer which is required as a condition of rental. All additional mandatory charges are prohibited.

The per se violations of section 480-2, Hawaii Revised Statutes, have been modified. An exception to the posting requirements has been granted to commercial leases which prohibits all posting and which is in force on January 1, 1989.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2036, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2036 H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 612-88 Finance on H.B. No. 3516

The purpose of this bill is to clarify the computation of the capital gains tax rate as amended by Act 239, Session Laws of Hawaii 1987, and conform the method of state taxation of net capital gains of corporations more closely with the Internal Revenue Code method.

The bill adds a new section to Chapter 235, Hawaii Revised Statutes (HRS), to impose an alternative tax for corporations. This section conforms with Section 1201 of the Internal Revenue Code. If a corporation has a net capital gain, then, in lieu of the tax imposed by section 235-71, HRS, there is imposed an alternative tax as specified in this new section to properly compute the tax.

The bill amends subsection 235-2(b), HRS, to remove Internal Revenue Code Section 1201, from the Code sections that are not operative for State tax purposes, and amends section 235-71, HRS, with respect to tax on corporations to delete the provisions presently imposing a tax on capital gain.

Your Committee has amended paragraphs (5) and (26) of subsection 235-2.3(b) to correct citations contained therein. Other technical non-substantive amendments have been made for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3516, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 613-88 Finance on H.B. No. 3502 (Majority)

The purpose of this bill is to provide the director of finance with greater flexibility in the banking of public funds by allowing the director to invest state monies in out-of-state banks and savings and loan institutions.

Under present law, the director of finance is authorized to invest any monies of the State which are in excess of immediate requirements in certain types of investment securities. Such securities include time certificates of deposit and repurchase agreements with federally insured banks and savings and loan associations. However, such investments are restricted to banks and savings and loan associations authorized to do business in the State.

Allocations of State deposits to local depositories are presently being made under a policy which takes into consideration the depository's asset size, ability to fully collateralize such deposits, and the yield offered on the investment of such deposits. However, certain depositories have indicated that they have reached the limit of their capacity to absorb more State deposits. As such, diversification of investment has been recommended. This bill removes the restriction on the investment of monies in out-of-state institutions and will allow the director of finance greater ability to diversify.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3502 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 614-88 Judiciary on H.B. No. 2327

The purpose of this bill, as received by your Committee, is to establish statutory requirements for keeping, controlling, reporting, and impounding biting dogs and providing a schedule of fines for a range of offenses by biting dogs.

A representative of the Hawaiian Humane Society testified that the bill provides reasonable and appropriate provisions for defining the responsibilities of dog owners to the public. Testimony from representatives of certain service businesses indicated that the bill's provisions would help to protect their employees, who must enter upon properties to perform services, from the danger posed by biting dogs.

Your Committee has amended the bill by removing the schedule of fines and providing that for the violation of an ordinance or regulation relating to biting dogs which is enforced in the county where the biting dog is located, the owner shall be fined in an amount not to exceed \$5000 in addition to any penalty imposed by such ordinance or regulation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2327, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2327, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 615-88 Consumer Protection and Commerce on H.B. No. 3601

The purpose of this bill is to correct references to the general corporation laws found in other chapters of the Hawaii Revised Statutes.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of this bill and has requested that Section I of the bill be deleted since the amendments set forth in that chapter are included in another vehicle.

Your Committee has amended the bill by deleting section I of this bill.

Therefore, your Committee on Commerce and Consumer Protection is in accord with the intent and purpose of H.B. No. 3601, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3601, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 616-88 Consumer Protection and Commerce on H.B. No. 2961 (Majority)

The purpose of this bill is to amend Section 415-20, Hawaii Revised Statutes, to clarify the power of Hawaii corporations to adopt "shareholders' rights plans" to deal with corporate raiders.

Your Committee received testimony, from AMFAC, over 300 corporations have adopted shareholders' rights plans in recent years as defensive measures against hostile takeovers. Under a typical shareholders' rights plans, the board of directors declares a dividend of a "right" or option to purchase preferred stock to the holder of each share of common stock. The option does not become effective, however, until such time as one shareholder amasses a critical percentage of the corporation's stock. At that time, the option to acquire the preferred stock is triggered. The typical plan also provides that if the raider engages in self-dealing transactions, then each holder of the right is entitled to purchase shares of common stock at a bargain price. The key to a shareholders' rights plan, however, is that the raider is denied the opportunity to exercise the option and to acquire the preferred shares or bargain price common shares.

The effect of a shareholders' rights plan is to induce the corporate raider to bargain with the board of directors of the corporation. These shareholders' rights plans are adopted to increase the flexibility and power of the board of directors to negotiate with the raider or to find a better deal for the shareholders.

According to the testimony, shareholders' rights plans are routinely challenged in court by raiders attempting a hostile takeover of a corporation.

The raiders allege that the rights plans violate the anti-discrimination clauses of the States' corporation laws which require that all shares within a series or class of stock be treated the same. The testimony indicated that at least some of the courts reviewing the laws of other states have rejected this narrow reading of the local statute and have ruled that shareholders' rights plans are the same for all shareholders and thus do not violate the anti-discrimination clause.

The Department of Commerce and Consumer Affairs testified that this bill simply allows for the adoption of shareholders' rights plans and still allows for a court test of the exercise of power granted by this bill. The Department went on to testify that the provision is neutral on its face and certainly does not compel any corporation to make use of the power granted.

This bill clarifies that the board of directors of a Hawaii corporation may utilize its power to issue rights and options under Section 415-20, Hawaii Revised Statutes, to adopt a plan which would deny exercise of the rights to shareholders who amass a defined percentage block of stock. The bill enables the board of directors to exercise its business judgement in the face of a hostile takeover by eliminating any question as to its technical authority to adopt a shareholders' rights plan.

The Director of Commerce and Consumer Affairs testified that the Department had no objection to the bill.

Your Committee adopted the substance of the bill but amended the language to simplify and clarify it by deleting the words "contain any terms not repugnant to law for the protection of holders of such rights or options, including, without limiting the generality of such authority" and inserting in lieu thereof the word "include".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2961, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 2961, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 617-88 Consumer Protection and Commerce on H.B. No. 3277

The purpose of this bill is to amend the requirements set forth in Chapter 485, Hawaii Revised Statutes, regarding the qualifications for salesmen and dealers to sell variable annuities.

Under present law, the sale of variable annuities is regulated by both the Insurance Commissioner and the Securities Administrator, both of which are a part of the Department of Commerce and Consumer Affairs. The Securities Administrator testified that such dual regulation is unnecessary and inhibits the sale of variable annuities in the State. Variable annuities, while considered securities under Hawaii law and federal law, are primarily insurance products, primarily sold by insurance agents. Salesmen must be registered with the Securities Division of the Department of Commerce and Consumer Affairs in order to sell such products even though such salesmen must also be registered with the Insurance Commissioner.

Mainland insurance companies that desire to market these products in Hawaii, because of this dual registration requirement, would be required to establish offices and independent sales forces in the State if they are to market these products in Hawaii. Since the sale of these products is already regulated by federal agencies and is subject to regulation by the State Insurance Commissioner because they are insurance products, this regulation inhibits the sale of these products in Hawaii without any real gain in consumer protection.

Accordingly, the bill would permit salesmen and dealers to sell variable annuities without the need to register under Chapter 485, Hawaii Revised Statutes. The bill, however, sets out several standards that the salesman and dealer must meet in order to be qualified to sell these products in the State.

Your Committee has amended the bill by adding the language proposed in H.D. 1 to section 485-14(a), Hawaii Revised Statutes, rather than 485-14(h). The Securities Administrator testified that it is more logical for this language to be included in the registration section and your Committee agrees.

Your Committee has also made certain other technical amendments to the bill to conform with the language in Chapter 485.

Finally, your Committee has amended the description of a qualified dealer to include that the dealer must be licensed in the State to sell only variable annuities and other insurance products. It is your Committee's understanding that for a dealer to be licensed requires the completion of certain certification requirements but does not require the establishment of an office in Hawaii in order for the dealer to be admitted to the State for the purpose of selling variable annuities and other insurance products.

In its amended form, the bill requires the salesman and dealer to meet certain specific requirements but provides State registration exclusively with the Insurance Commissioner. This will enable more of these insurance products to be made available to Hawaii residents without a loss in the ability of the State to regulate the salesmen and dealers who sell these products. The bill retains, however, all of the penalties for fraudulent transactions involving variable annuities both under State securities law as well as State insurance law.

Your Committee intends the statutory scheme set up by this bill to require broker/dealers to be registered with the Securities and Exchange Commission as well as to be a member of the National Association of Securities Dealers, Inc. and authorized by these two entities no further than necessary to sell variable annuities and other insurance products, in addition to all meeting State insurance law requirements to sell variable annuities.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 3277, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3277, H.D. 2 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 618-88 Finance on H.B. No. 3009

The purpose of this bill is to make an appropriation to facilitate the training program and operation of the several junior police organizations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3009 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 Kanoho, Tajiri, Marumoto and Ribellia.

SCRep. 619-88 Finance on H.B. No. 3035

The purpose of this bill is to provide for a baseline study of the Hanalei river estuary and other north shore rivers on Kauai.

The Department of Land and Natural Resources and the Department of Transportation (DOT) testified in favor of this bill.

This bill which proposes a baseline study, would provide valuable information on the present operation at the Hanalei River mouth which would allow the DOT to manage the area more effectively.

Your Committee has amended this bill by inserting the sum of \$1 for the purpose of determining a more accurate estimate of the costs at a later date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3035, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3035, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 620-88 Finance on H.B. No. 3524

The purpose of this bill is to revise the excise tax credit schedule. The revisions to the income tax brackets and the corresponding tax credit amounts are to update the excise tax credit. The adjustments to the income tax brackets and tax credit amounts are necessary for the continuance of the excise tax credit as a means of providing tax relief to lower income taxpayers.

Your Committee has amended this bill by deleting the adjusted gross income bracket of \$20,000 as your Committee believes that tax credits are intended to provide relief to those qualified tax payers below the adjusted gross income of \$20,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3524, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3524, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives D. Ige, Kanoho and Ribellia.

SCRep. 621-88 Finance on H.B. No. 2439

The purpose of this bill is to repeal chapter 503 of the Hawaii Revised Statutes pertaining to Commissioners of Deeds.

No commissioner of deeds has been appointed since the original passage of the law in 1915. The function of these positions has been met satisfactorily by notaries public and members of the United States Consular Corps.

All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property relating to the functions of commissioners of deeds will be transferred to the Office of the Lieutenant Governor. The Office of the Lieutenant Governor had no objections to this transfer.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2439 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 622-88 Ocean and Marine Resources on H.B. No. 3534

The purpose of this bill is to allow the Director of Transportation to commission county employees with limited police powers to enforce the State laws and rules relative to conservation and resources, historic preservation, harbors, and boating.

Your Committee received testimony from the Department of Transportation (DOT) in support of this measure. The DOT indicated that at the present time, they do not have enough marine patrol officers to effectively enforce the thrill

craft law. The use of county employees (for example, lifeguards) at various county beaches will enable them to increase their enforcement capabilities significantly.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 3534 and recommends that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Fukunaga and Isbell.

SCRep. 623-88 Judiciary on H.B. No. 2220

The purpose of this bill is to allow an owner of a motor vehicle registered in another state the opportunity to apply to the director of finance of the appropriate county for the registration of the vehicle in the State of Hawaii.

Under existing law, only nonresidents are allowed to apply for registration of vehicles registered in another state. Your Committee finds that residents should also be given the opportunity to register vehicles from another state by using the same method.

The City & County of Honolulu testified in favor of this bill.

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

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2220, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2220, H.D. 1.

Signed by all members of the Committee.

SCRep. 624-88 Judiciary on H.B. No. 3540

The purpose of this bill is to allow the owner or operator of a vessel impounded for unauthorized mooring in state harbors the opportunity to contest the basis for impoundment at an administrative hearing prior to the disposition of the vessel.

Currently, the law authorizing the impoundment and disposition of vessels does not provide for an administrative hearing for the owner or operator to contest the basis given by the Department for the administrative impoundment of the vessel. Your Committee finds that by providing for administrative hearings, this bill will guarantee owners full due process of law.

The Department of Transportation testified in favor of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3540 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 625-88 Judiciary on H.B. No. 2438

The purpose of this bill is to repeal Part XII of Chapter 321, Hawaii Revised Statutes, relating to the safety glazing of glass.

Part XII of Chapter 321 regulates one aspect of one type of material (safety glazing of glass) used in the construction of buildings, and supersedes county ordinances unless they are approved by the Director of Health as implementing state law.

Your Committee finds that since the overwhelming majority of laws regulates the construction of buildings and structures are contained in county building codes, that State law is duplicative and may at times create contradictions.

Your Committee has received testimony in support of the measure from the State Department of Health and the City and County of Honolulu Building Department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2438 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 626-88 Finance on H.B. No. 2075

The purpose of this bill is to provide affordable housing for Hawaii residents who are unable to purchase their own homes due to large downpayments and high monthly mortgages required in this State.

For purposes of continued discussion, your Committee has amended this bill by changing the appropriation to \$1. Your Committee has also 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. No. 2075, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2075, H.D. 1.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 627-88 Finance on H.B. No. 2132

The purpose of this bill is to provide affordable rental housing for the elderly by appropriating \$13,600,000 to construct rental housing.

For purposes of continued discussion, your Committee has amended this bill by changing the amount of the appropriation to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2132, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2132, H.D. 1.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 628-88 Finance on H.B. No. 2073

The purpose of this bill is to appropriate \$3,200,000 to construct rental housing for lower-income households.

For the purposes of continued discussion, your Committee has amended this bill by changing the amount of the appropriation to \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2073, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2073, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 629-88 Finance on H.B. No. 2042

The purpose of this bill is to appropriate \$2,500,000 for sugar research and development performed by the industry, thereby offsetting the costs to the industry. The funding is contingent upon provision by the Hawaiian Sugar Planters Association of dollar-for-dollar matching funds.

Your Committee has amended this bill by increasing the amount of the appropriation to \$3,000,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2042, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2042, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 630-88 Finance on H.B. No. 2053

The purpose of this bill is to expand the Summer Program for the Enhancement of Basic Education to include Japanese and Korean studies.

Your Committee finds that a political and economic shift from the Atlantic to the Pacific is occurring. The second most powerful economy in the free world is that of Japan, and the fastest growing economies are those of the newly industrialized countries of East Asia. Hawaii's full participation in the "Age of the Pacific" will depend largely upon the knowledge and understanding which Hawaii's people possess about the nations which are integrally involved in this global shift in power.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2053, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 631-88 Finance on H.B. No. 3299

The purpose of this bill is to fund a feasibility study regarding the deregulation of private coin-operated telephones, telephone-shared tenant services, and interisland telephone service. The study will also encompass the issue known in the telecommunications industry as "bypass".

Your Committee has amended this bill by providing the sum of \$150,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3299, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3299, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 632-88 Finance on H.B. No. 2046

The purpose of this bill is to fund high priority programs and enlist a broad range of agencies in the fight against AIDS; and to deal with AIDS in the context of other pressing health issues, such as drug abuse, health education, case management, housing, and confidentiality of medical records.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2046, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives D. Ige, Kanoho, Tajiri and Ribellia.

SCRep. 633-88 Finance on H.B. No. 2059

The purpose of this bill is to address the needs of the elderly housing residents of the State by appropriating \$200,000 to the Executive Office on Aging to establish a demonstration project utilizing geriatric social workers as resident assistants in older adult housing complexes.

Your Committee on Finance is in accord with the intent and purpose of H.B. 2059, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 634-88 Finance on H.B. No. 2876

The purpose of this bill is to appropriate out of the general funds the sum of \$1,750,000 to be expended by the Department of Business and Economic Development (DBED) for the completion of a hyperbaric treatment chamber system and for the construction of a structure to house the hyperbaric treatment chamber system. The bill also requires that all permits for the completion of the chamber and the construction of the structure to house the chamber be obtained prior to expending the funds.

Testimony indicated that the Hyperbaric Treatment Center (HTC) performs a service for the people of Hawaii that is both highly valuable and unique. In addition to treating decompression sickness (bends), HTC has provided hyperbaric oxygen therapy (HBO) for over a dozen serious medical disorders. Treatment is covered by virtually all medical insurers including HMSA, Medicare, Medicaid and CHAMPUS. No other medical facility in Hawaii provides this treatment.

Testimony by DBED indicated that the additional fees by HBO treatments and expanded HTC services, HTC will become financially self-sufficient. This will reduce or eliminate continued state funding and could lead to a reduction of medical treatment fees.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2876 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 635-88 Finance on H.B. No. 3420 (Majority)

The purpose of this bill is to establish a worker training trust fund to help create a well trained, flexible work force to meet the needs of businesses in Hawaii.

Under this bill, part of the employers' contributions, which would otherwise go directly to the federal fund, is retained in a state controlled fund that will help to create a skilled work force in Hawaii without increasing employer taxes. The bill proposes to impose a State reserve fund assessment by reducing employers' unemployment insurance (UI) taxes and creating a worker training trust fund from interest earned on such State reserve fund.

This bill also provides that the reserve fund assessment is applicable only when either the ratio of the current reserve fund to the adequate reserve fund exceeds 1.0 or when the balance of the employment security reserve fund is less than 1 per cent of total wages. The Department of Labor and Industrial Relations stated their approval of the proposed "trigger" which would serve to cap the employment security reserve fund and to replenish a depleted trust fund when necessary.

The Department of Labor and Industrial Relations and the United Public Workers testified in support of this bill to divert UI contributions from the federal trust fund to a state controlled reserve account for purposes of supplementing the UI trust fund and for financing worker training programs.

Your Committee agrees that a skilled work force is an integral part of Hawaii's economic development and that job training programs to properly train future workers to meet the needs of businesses are vital to the success of Hawaii's economic development plans.

Although your Committee also heard testimony opposing this measure, your Committee agrees with the Department of Labor and Industrial Relations, who administers the Employment Security Act, that this bill will control the growth of the UI trust fund, without jeopardizing the payment of UI benefits to claimants.

In addition, the department agreed with the change in the definition of "adequate reserve fund" because it will allow the trust fund adequacy to more closely approximate the federally recommended standards.

Your Committee has made the following nonsubstantive amendments:

(1) Changed all references to "employment security reserve fund" and "reserve fund" to "state employment security fund" to avoid confusion with the language in Chapter 383 referring to a "reserve fund";

(2) Specified Section 383-68(e) as the source of the definition of the tax;

(3) Deleted the unnumbered section titled "Reserve fund assessment" because similar provisions appear elsewhere in the bill, and deleted other references in the bill to this unnumbered section; and

(4) Reworded the provision describing the conditions under which contributions to the state employment security fund will not be collectible.

Other technical amendments have been made to make this bill conform to the proper bill drafting format and for style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3420, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3420, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.
(Representative Marumoto did not concur.)

SCRep. 636-88 Finance on H.B. No. 3141

The purpose of this bill is to encourage the development of adult day health centers by creating an adult day health special fund, which is to be administered by the Department of Health. The State would appropriate moneys to the fund, which would be used to provide grants for development of adult day health centers.

Your Committee finds that in many cases adult day health centers provide a more desirable alternative than institutionalization. As our population ages, the demand for adult day health centers is expected to increase. However, assistance for the development of adult day health centers is needed since, typically, new centers become economically profitable only after two or three years. Grants made from the adult day health special fund are expected to provide assistance for a sufficient period to allow centers to become economically viable.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3141, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives D. Ige, Kanoho, Tajiri and Ribellia.

SCRep. 637-88 Finance on H.B. No. 3471

The purpose of this bill is to amend Chapter 301, HRS, to reflect the expanded role of continuing education programs.

The proposed inclusion of the terms "adult literacy education" and "community education" in the statute will more accurately reflect the variety of programs the Department of Education (Department) is currently providing. In addition to statutorily mandated programs, the Department provides early childhood education, parent education, community education, and other special programs for identified target populations such as senior citizens and adult illiterates.

Your Committee believes that the appropriate statutory provisions relating to adult education needs should be modified to reflect the wide range of services provided by the Department to meet the changing needs of all of Hawaii's diverse populations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3471 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 638-88 Finance on H.B. No. 3377

The purpose of this bill is to provide district court judges with retirement benefits commensurate with their offices. To accomplish this purpose, this bill, as received by your Committee, amends the state retirement laws by including district court judges within the definition of "judge" in section 88-21, Hawaii Revised Statutes.

Your Committee has amended this bill by also including district family court judges within the definition of "judge" in section 88-21, Hawaii Revised Statutes, to likewise provide them with retirement benefits commensurate with their offices.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3377, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3377, H.D. 1.

Signed by all members of the Committee.

SCRep. 639-88 Finance on H.B. No. 3596

The purpose of this bill is to change and clarify the administrative relationship between the Department of Commerce and Consumer Affairs and the Office of Consumer Protection. The bill changes the status of the Office of Consumer Protection to that of a division of the Department of Commerce and Consumer Affairs, whose executive director would be appointed by the Director of the Department of Commerce and Consumer Affairs. The powers, duties, and compensation of the executive director would be defined and fixed by the Director of the Department of Commerce and Consumer Affairs.

In addition, the bill allows the Office of Consumer Protection to be awarded reasonable attorney's fees and costs of suit whenever judgment is entered in favor of the State in any action brought by the Office of Consumer Protection under chapter 480.

The bill also removes the educational function and specialist from the Office of Consumer Protection.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3596 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 640-88 Finance on H.B. No. 3574

The purpose of this bill is to make an appropriation of \$449,493.79 to the Department of the Attorney General to pay the legal fees, expenses, and interest incurred in connection with the representation of the State of Hawaii in the case of United States v. Exxon Corp. by the Washington, D.C., law firm of Nash, Railsback, and Plessner.

On March 6, 1986, the State of Hawaii received \$14,482,089.88 from the Exxon fund. A court order prohibited the State from using any of the recovery to pay attorney's fees. At the time of recovery, the State owed the law firm a total of \$725,242.93. Thereafter, the State made payment to the law firm using sums available for administrative expenses in other energy overcharge recoveries, thus bringing down the remaining balance to \$363,450.27. The sum appropriated by this bill includes the \$363,450.27 plus interest of \$86,043.52.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3574 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 641-88 Finance on H.B. No. 2957

The purpose of this bill is to amend section 235-2.3(b)(1), Hawaii Revised Statutes, by adopting Internal Revenue Code Section 42 (with respect to low-income housing credit). It also specifies that the low-income housing credit shall be at one-third of the rate as provided by Code Section 42.

The 1986 Federal Tax Reform Act established a new business tax credit for developers of low-income housing units. Under present law, there exists no comparable State tax credit afforded to developers of low-income housing units in Hawaii.

Your Committee received conflicting testimony regarding the formula to implement and qualify for this low income housing credit. As a result, the Department of Taxation, with the assistance of the Housing Development and Finance Corporation, will be researching the credit to determine whether it would be beneficial to those developers who build affordable housing.

Consequently, your Committee amended Section 4 of this bill so that this measure will take effect after December 31, 1988. Other technical, nonsubstantive amendments were made 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. 2957, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2957, H.D. 1.

Signed by all members of the Committee.

SCRep. 642-88 Finance on H.B. No. 2071

The purpose of this bill is to make an appropriation to help in the renovation and construction of emergency shelters.

Homelessness in Hawaii, as in the rest of the nation, is a steadily growing problem which requires assistance from the State. There are approximately 2,500 homeless in the City and County of Honolulu, 600 in the County of Hawaii, 800 in the County of Maui, and 300 in the County of Kauai, or a total of 4,200 homeless statewide.

Although the bill identified specific amounts for construction of each emergency shelter, your Committee deleted the specific appropriation amounts and amended the total appropriation amount to \$1 in the bill for the purpose of determining a more accurate estimate of the projects at a later date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2071, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2071, H.D. 1.

Signed by all members of the Committee.

SCRep. 643-88 Finance on H.B. No. 2237

The purpose of this bill is to allow teachers whose hours are equal to one-half of a full-time equivalent position to be represented by an appropriate collective bargaining unit.

Your Committee heard testimony that all half-time employees in the public sector are represented by collective bargaining units with the exception of teachers. Your Committee believes that the half-time teachers should be afforded the same opportunity to be represented by a collective bargaining unit.

Your Committee has amended the bill by conforming subsection (a) to the correct Ramseyer format and by updating subsection (c) to reflect the amendments made by the 1987 Legislature.

Your Committee has also 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. 2237, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2237, H.D. 2.

Signed by all members of the Committee.

SCRep. 644-88 Finance on H.B. No. 2529

The purpose of this bill is to permit credit union members to support their bids for public contracts with share certificates drawn on their credit union accounts.

Under section 103-28, Hawaii Revised Statutes, bids for public works contracts must currently be accompanied by a deposit of legal tender or by a certificate of deposit, cashier's check, or certified check on a bank insured by the Federal Deposit Insurance Corporation (FDIC) or a savings and loan institution insured by the Federal Savings and Loan Insurance Corporation (FSLIC). This bill will allow bid deposits for public works contracts to be drawn on credit unions insured by the National Credit Union Administration in addition to deposits insured by the FDIC or FSLIC.

Your Committee has amended this bill by correcting the inadvertant deletion of the maximum amount which may be utilized.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2529, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2529, H.D. 2.

Signed by all members of the Committee.

SCRep. 645-88 Finance on H.B. No. 2032

The purpose of this bill is to create the mechanism whereby the State of Hawaii would become a leader in the field of telecommunications and information technology in the Pacific Basin and throughout the world. With the advent of the computer age, information has become a precious commodity. The demand for accurate, up-to-date information is increasing at an exponential rate and is essential for businesses to compete successfully in the marketplace.

Currently, Hawaii has an excellent telecommunications infrastructure, including six undersea cables and twenty-two satellites connecting Hawaii with Pacific Rim nations. In 1989 a historic continental United States-Hawaii-Japan fiber optic cable is scheduled to begin providing 40,000 voice-data circuits vastly increasing the amounts of information transmitted across the Pacific. However, in the early 1990s, another equally powerful fiber optic cable going directly between the continental United States and Japan and bypassing Hawaii will be operational, thus eliminating the need for information to pass through our state.

Your Committee realizes the urgency of acting quickly to enable Hawaii to become a leader in the information industry and to provide economic benefits to the state. Hawaii may then develop a role for itself as an "information hub of the Pacific" by brokering, processing, and creating information.

Your Committee has received many recommendations with regard to this bill and has found the public overwhelming supportive of the concept of developing an industry of this kind in Hawaii.

Your Committee has amended this bill, taking into account the recommendations made by the Department of Budget and Finance, the Department of Business and Economic Development, the Hawaii Telecommunications Association, the Hawaii Telecommunications Advisory Council, the University of Hawaii, the High Technology Development Corporation, the Municipal Reference and Records Center of the City and County of Honolulu, librarians, and individuals involved in private business.

Your Committee has amended the bill to establish an entity to be known as the Hawaii Information Network Corporation, or Hawaii INC (hereafter referred to as "Hawaii INC"), to coordinate state efforts and to take an active role in the establishment of an information industry in the Pacific. Hawaii INC would be placed within the Office of the Governor for administrative purposes.

After considering the testimony presented, your Committee concluded that it would be more expedient to create a public corporation using the Research Corporation of the University of Hawaii as a model. Concern was raised over whether it would be in the best interest of the State to allow the entity to later incorporate as a private nonprofit corporation after a great deal of state money had been appropriated for its use.

By creating a public entity, both public and private interests would be appeased since under this new organizational structure, Hawaii INC would provide greater flexibility in management; respond more readily to market opportunities; encourage small businesses to enter the expanding information industry; and allow the State to more effectively become a leader in the information industry.

Hawaii INC will be governed by a board of directors (hereafter referred to as "board") consisting of nine members. Six of the members will be appointees selected from the private sector by the Governor, Senate President, and Speaker of the House of Representatives. The remaining three members will include the Director of the Department of Business and Economic Development, the President of the University of Hawaii, and the Director of the Department of Budget and Finance, who would serve as ex officio voting members.

Your Committee seeks to accomplish the following one-year goals through this measure:

- (1) Establish Hawaii INC and begin operations;
- (2) Conduct baseline studies for the establishment of an information industry in Hawaii;
- (3) Define and begin resolution of basic legal issues;
- (4) Begin integration and access to public data;
- (5) Establish a data communications network with Pacific nations; and
- (6) Establish data-trading relationships with Pacific nations.

Your Committee has further amended this bill to clarify the relationship between government and private information. Hawaii INC's responsibilities have been clarified with regard to working with government agencies concerning government information and with private business concerning nonpublic information.

Your Committee has also amended the structure of the Information Industry Advisory Council. The provisions with regard to the council are no longer mandatory. The amended bill provides that the board may establish one or more advisory councils to advise the corporation on matters relating to programs and services dealing with the information industry. The board would directly coordinate information activities with the Department of Education, the Department of Labor and Industrial Relations, the Department of Commerce and Consumer Affairs, the University of Hawaii, and the Department of the Attorney General.

In addition, the bill has been amended to provide for legislative review after Hawaii INC has been in operation for three years. Your Committee finds that this provision is necessary to assess the achievement of Hawaii INC's goals and to determine the need for any improvements, changes in organization or operations, or dissolution, if necessary.

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. 2032, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2032, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 646-88 Finance on H.B. No. 2151

The purpose of this bill is to establish a revolving loan fund to assist small business on Molokai.

Molokai's economy is contingent on the development and growth of small businesses, especially in diversified agriculture, and it is in the public interest to provide financial support to facilitate such development and growth on Molokai.

Your Committee amended section 2 of this bill to make an appropriation of \$1 to obtain a more accurate amount at a later date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2151, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2151, H.D. 2.

Signed by all members of the Committee except Representatives D. Ige, Kanoho, Tajiri and Ribellia.

SCRep. 647-88 Finance on H.B. No. 2535

The purpose of this bill is to grant to persons registered as travel agents under Chapter 468K, Hawaii Revised Statutes, a reduction from four to .15 percent in the general excise tax on revenue received as commission on sales of air fares.

Your Committee has amended this bill to provide that travel agents and agencies will be exempt from paying general excise taxes on commissions received from the sale of air fares.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2535, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2535, H.D. 2.

Signed by all members of the Committee except Representatives D. Ige, Kanoho, Tajiri and Ribellia.

SCRep. 648-88 Finance on H.B. No. 3455

The purpose of this bill is to permit the Department of Health to administer a maternal and child health program to help reduce infant and maternal mortality and to generally promote the health of mothers and children.

Your Committee has amended this bill to require the Department of Health to secure parental consent whenever maternal and child health services are provided to minors. In addition, technical amendments have been made to conform the bill to accepted bill drafting style.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3455, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3455, H.D. 1.

Signed by all members of the Committee except Representatives D. Ige, Kanoho and Ribellia.

SCRep. 649-88 Finance on H.B. No. 2627

The purpose of this bill is to provide funds for a statewide collection and disposal program for the removal of hazardous wastes produced by farmers and householders.

Your Committee believes there may be a potential danger from the hazardous wastes produced by farmers and householders and therefore has provided the sum of \$200,000 to carry out the purposes of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2627 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 650-88 Finance on H.B. No. 2033

The purpose of this bill is to require the prompt payment of bills incurred by state or county agencies by reducing from forty-five to thirty days the period after which a twelve per cent interest penalty would apply if payment for goods and services is not made. In addition, this bill would delete the requirement that payment of less than \$100 be made from the purchasing agency's petty cash fund.

The National Federation of Independent Business, the Hawaii Business League, the City and County of Honolulu's Department of Finance, and State Representative Terrance Tom testified in favor of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2033, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2033, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 651-88 Finance on H.B. No. 2774

The purpose of this bill is to provide a computer catalog for the State braille library to manage the circulation of materials.

Your Committee recognizes the State Library for the Blind and Physically Handicapped is in need of an automated circulation system to keep track of its extensive inventory of materials. Your Committee is providing the sum of \$100,000 to purchase a computer catalog for the braille library.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2774 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 652-88 Finance on H.B. No. 2006

The purpose of this bill is to provide for the temporary establishment of a statewide fair access commission and set forth its functions and powers for the purpose of reviewing the access to government activities and processes available to persons residing outside of Oahu.

Your Committee agrees that all legal and physical barriers should be removed from governmental accessibility when removal is reasonable and just and altered when it will serve to preserve democracy. The island geography of Hawaii is unique and ready accessibility to government activities is not always possible. However, the rights of Hawaii's residents must be preserved and every effort must be expended to ensure that no resident is denied access to government and to participate in its processes and other public services.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2006 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ribellia.

SCRep. 653-88 Finance on H.B. No. 2057

The purpose of this bill is to establish demonstration rehabilitation programs serving as alternatives to incarceration for juvenile offenders. These demonstration programs would consist of educational or vocational educational programs and transition components.

Your Committee finds that the family court has very few structured programs for juvenile offenders which can serve as alternatives to placement in the detention home or the Hawaii Youth Correctional Facility. The limited range of programs leads simultaneously to the inappropriate grouping of first-time offenders with repeat offenders, incarceration of those who do not need it for lack of alternative housing, and the crowding and potential overcrowding of present facilities. This bill will expand the range of alternatives available to the family court for the placement of juvenile offenders.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2057, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 654-88 Finance on H.B. No. 3593

The purpose of this bill is to extend the Compliance Resolution Fund (CFR) to July 1, 2001, and to authorize the Department of Commerce and Consumer Affairs (DCCA) to create a public information officer position to assist the Department in its efforts to inform and educate Hawaii consumers.

In 1982, when CRF was created, there existed a four-year backlog of complaints to DCCA. That backlog has been eliminated, and in 1987 69 per cent of the new complaints received by the Regulated Industries Complaints Office were resolved within 46 days. The timely resolution of these complaints has made consumers more aware of the services offered by the DCCA, and has made the subjects of complaints more responsive due to the swiftness of disciplinary action. The repeal date was extended in order that the collection of fees for CFR have continuity.

Your Committee made the following amendments to this bill as follows:

- (1) Added "State board of" on page 2, line 12;
- (2) Added "the office of" on page 4, line 10;
- (3) Added "SECTION 2. Section 2 of Act 58, Session Laws of Hawaii, is amended to read as follows:" on page 10, line 7; and
- (4) Changed 1988 to "1987".

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3593, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3593, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 655-88 Finance on H.B. No. 2935

The purpose of this bill is to provide funding for the establishment of a shared electronic communications pilot project in the counties of Kauai, Maui and Hawaii.

Your Committee believes a communication gap exists in the criminal justice agencies because the operational systems are not integrated. The establishment of this electronic communications system in these agencies will allow the sharing of information in a cost-effective fashion.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2935, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 656-88 Finance on H.B. No. 2035

The purpose of this bill is to clarify ambiguities which have come to light since Chapter 431J, Hawaii Revised Statutes, has been in effect. The bill would set the premium tax for pure captive insurance companies at .25 percent and the premium tax for association and risk retention groups at 1 percent.

Favorable testimony provided by the Department of Commerce and Consumer Affairs indicated that this bill would establish a premium tax on risks and property located within the State and located outside the State where no premium tax is otherwise paid. The premium tax would be at rates of .25 per cent for pure captives and 1 per cent for association and risk retention groups. The lower rate for pure captives would place Hawaii on a competitive advantage in attracting this kind of business. This lower rate also reflects the easier burden in regulating these types of entities, as compared with association and risk retention group captive companies.

Your Committee on Finance concurs with the intent and purpose of H.B. 2035, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 657-88 Finance on H.B. No. 2068

The purpose of this bill is to express the State's commitment to biofuels research and development by appropriating matching funds to support a methanol-from-biomass pilot plant feasibility study and cost-sharing funds to begin plans and construction of a methanol-from-biomass pilot research plant.

Your Committee received testimony from the Department of Business and Economic Development, the Department of Land and Natural Resources, and the Hawaii Natural Energy Institute of the University of Hawaii indicating that methanol is a highly desirable fuel which is cleaner-burning than gasoline, and as a result does not produce as much air pollution.

For purposes of continued discussion, the appropriation sections of this bill have been amended with the insertion of \$1 to conduct a study and \$1 for the planning and construction of the plant. The requirement of cost-sharing for the planning and construction of the plant has been deleted.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2068, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2068, H.D. 1.

Signed by all members of the Committee.

SCRep. 658-88 Finance on H.B. No. 3242

The purpose of this bill is to establish a standard of need equal to the federal poverty level in our public assistance programs.

Your Committee believes one of the State's goals is to ensure that its needy residents, who are eligible for public assistance, have the means to obtain the basic necessities of life.

Your Committee has amended this bill by changing the federal assistance payment standard to 60% of the Federal Poverty Level and by deleting the automatic annual increases. Other changes to this bill were made to allow the Department of Human Services to respond to situations experienced by families who are in need of assistance which cannot be made available on an immediate or emergency basis through established resources.

Your Committee has also 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. 3242, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3242, H.D. 2.

Signed by all members of the Committee.

SCRep. 659-88 Finance on H.B. No. 2591

The purpose of this bill is to appropriate the sum of \$10,000 to fund the development and implementation of environmental education programs.

Your Committee recognizes the importance of improving public awareness of the environment, environmental review procedures, and the role of the Office of Environmental Quality Control. It is increasingly apparent that public education is a necessary tool to promote effective management of our natural resources. The general public is unaware of local environmental issues and does not appreciate the unique and valuable natural heritage we have in Hawaii.

The bill will also involve educational guidance to state and county agency staffs to ensure conformance with the environmental review procedures provided by chapter 343.

Your Committee 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. 2591, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2591 H.D. 2.

Signed by all members of the Committee.

SCRep. 660-88 Judiciary and Consumer Protection and Commerce on H.B. No. 3408

The purpose of this bill is to provide an effective mechanism for the enforcement of the State's discrimination laws by establishing a civil rights commission into which all enforcement responsibilities are to be consolidated.

Presently, statutorily mandated enforcement responsibilities for the State's discrimination laws are divided primarily among several agencies within the department of labor and industrial relations and the department of commerce and consumer affairs. Enforcement of discrimination laws is only one of many other important functions of these departments and the enforcement programs must compete with other departmental programs for priority status. Typically, the enforcement agencies are hampered in their delivery of services because of limited fiscal and personnel resources.

Your Committees find that there is a need to strengthen the enforcement policies and procedures of the State's discrimination laws. House Bill No. 3408, H.D. 1, will accomplish this by creating a single authority which has as its primary mission the enforcement of the State's discrimination laws. The establishment of a civil rights commission would facilitate the development of a staff with expertise in all discrimination laws, provide increased public awareness of the rights and remedies regarding discriminatory practices in this State, and provide a more accessible and efficient system of enforcement.

The intent of this bill was widely supported in testimonies presented at the public hearing, however, several reservations regarding certain provisions of the bill were expressed which warranted serious consideration by your Committees. The American Civil Liberties Union of Hawaii pointed out that while the purpose section of the bill purports to establish a single mechanism for the enforcement of the State's discrimination laws, the bill preserves the three extremely different enforcement schemes that currently exist for discrimination in employment, real property transactions, and public accommodations. The department of labor and industrial relations and the Hawaii Government Employees Association were concerned that the provisions in the bill authorizing the commission to appoint noncivil service staff would present problems for the current enforcement personnel with civil service status by eliminating the need for existing positions established for enforcement of discrimination laws and could result in layoffs. Even if layoffs were not imminent, most civil service employees are reluctant to relinquish their civil service status to accept exempt employment.

After full consideration of the merits of this bill and the testimonies presented at the public hearing, your Committees have made substantial amendments to the bill as follows:

(1) The section in the bill directing the department of labor and industrial relations to report to the legislature prior to the 1990 session on the establishment of the commission, the transition from separate administrative and enforcement agencies to a central agency, and the effect of the commission's establishment on uniformity in the enforcement of the State's discrimination laws has been replaced with a new section directing the department of labor and industrial relations and the department of commerce and consumer affairs to jointly conduct a study with assistance provided by the legislative reference bureau and the legislative auditor and to submit a report to the legislature prior to the 1989 regular session. The purpose of this study is to review all of the State's discrimination laws and the policies, procedures, and staffing of current enforcement agencies and to recommend to the legislature a statutory mechanism for the establishment of a systematic and uniform enforcement procedure, a plan to meet the staffing requirements for the commission to carry out its duties, and a plan for the orderly transition of the transfer of enforcement functions from the various departments to the commission. It is the intent of your Committees that this interim study address the concerns raised by the American Civil Liberties Union of Hawaii, the department of labor and industrial relations, and the Hawaii Government Employees Association and that the recommendations evolving from this study will provide a sound basis for the operation of the civil rights commission in accord with the intended purpose of this bill.

(2) All the provisions in the bill regarding the staffing of the commission and which set out the enforcement procedures to be followed by the commission and remove the enforcement functions from the department of labor and industrial relations and the department of commerce and consumer affairs have been deleted. It is the intent of your Committees that the specific statutory provisions for a uniform enforcement procedure and the staffing requirement be developed after consideration of the recommendations made by the interim study required in paragraph (1).

(3) The purpose section has been amended to reflect the intent of establishing a uniform procedure for the enforcement of the State's discrimination laws.

(4) The provisions specifying the chapters and section in the Hawaii Revised Statutes over which the commission has jurisdiction have been deleted and replaced with broader language.

(5) The provisions relating to an appropriation and the compensation of commissioners have been deleted.

Your Committees on Judiciary and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 3408, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 3408, H.D. 2.

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

SCRep. 661-88 Consumer Protection and Commerce on H.B. No. 2345

The purpose of this bill is to prohibit unfair and deceptive practices in the rooming house business by defining such practices and authorizing the counties to conduct investigations and to take necessary corrective action. The bill provides a fine of \$500 as a penalty for violation in addition to providing a cause of action for injured individuals.

Your Committee received testimony in support of this bill but testimony from the City and County of Honolulu indicated that the counties were not staffed or equipped to enforce this bill. Your Committee has amended this bill to provide that the Director of Human Services shall enforce this bill rather than the counties.

Your Committee received testimony from the City and County of Honolulu that the definition of "rooming house" should be aligned with the Land Use Ordinance of Honolulu. Your Committee has amended the bill to provide that four or more unrelated persons will be the lower cut-off for this definition.

Your Committee also received testimony from the Executive Director of Catholic Services to the effect that some of the practices defined as unfair and deceptive acts were in reality, a necessity for "rooming houses" which are run by agencies delivering social services in conjunction with the rooming house operation. It was suggested that facilities owned or used by a government agency or non-profit agency providing services by contract to a government agency should be exempt. Your Committee concurs and has so amended this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2345, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2345, H.D. 2.

Signed by all members of the Committee.

SCRep. 662-88 Consumer Protection and Commerce on H.B. No. 3494

The purpose of this bill is to combine into a single chapter the existing authority and responsibility of the Division of Measurement Standards. The bill also removes a nonoperable section, Section 292-11, Hawaii Revised Statutes, relative to the odometer revolving fund, provides for the bonding of nonresident or nonregistered scale installers or service personnel, and deletes the redundant role imposed upon the chairperson of the Board of Agriculture as the Director of Measurement Standards.

Your Committee received testimony in favor of this bill from the Department of Agriculture, Shell, Texaco and Unocal and testimony against this bill from the Hawaii Automotive and Retail Gasoline Dealers Association and the Hawaii Food Industry Association. The opponents of this measure raised concerns relating the possibility that the function of the Board of Agriculture to "promote" agriculture versus the function of the Division of Measurement Standards to "enforce" standards may lead to "jurisdictional" as well as "legal" problems. The concern was also raised that the members of the Board of Agriculture would have access to proprietary information about their competitors in some cases.

Your Committee has also inserted a Part IV to the bill's proposed new chapter 486, dealing with bread weight. Your Committee noted that SCR No. 313-88 from the Committee on Agriculture, page 2, states that this Part IV had been inserted. However H.B. No. 3494, H.D. 1 as received by this Committee contained no such part.

Your Committee intends no substantive change as a result of the combination of the Division of Measurement Standards responsibilities into a single chapter.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3494, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3494, HD 2.

Signed by all members of the Committee.

SCRep. 663-88 Consumer Protection and Commerce on H.B. No. 2379

The purpose of this bill is to ensure the availability of relay services for the deaf and hearing-impaired. The bill provides that the Public Utilities Commission shall implement a program to achieve relay services for the deaf or hearing-impaired. The bill also provides that the Public Utilities Commission shall require every telephone public utility providing telephone service to file a schedule of rates and charges providing a rate for relay services for the deaf and hearing-impaired.

Your Committee received overwhelming testimony in support of this bill and as to the need for relay services for the deaf and hearing-impaired. The Department of Health, the Department of Human Services, the Commission on the Handicapped and a large number of organizations and associations dedicated to assisting the deaf and hearing-impaired, as well as hearing-impaired individuals and Hawaiian Telephone Company supported this bill. There was testimony with respect to alternative methods of financing this program, namely through tax rebates, but your Committee is satisfied with the mechanism set forth in this bill as your Committee views this problem as one of access to telephone service rather than a social service program. It is clear to your Committee that a relay system will not only give hearing-impaired individuals access by telephone to the rest of the population but will give the rest of the population access by telephone to the 60,000 hearing-impaired individuals in the State.

It was suggested that the target date for this program implementation should be July 1, 1989. Your Committee agrees and has amended this bill to so reflect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2379, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2379, H.D. 1.

Signed by all members of the Committee.

SCRep. 664-88 Finance on H.B. No. 3221

The purpose of this bill is to fund a pilot program which will provide intensive parole supervision for parolees who, because of particular problems, require more supervision than that provided by traditional parole.

Intensive parole supervision is a highly structured and cost effective service designed to enhance the management of adult offenders in the community. Increased surveillance coupled with the matching of community resources to identified client needs offers an intermediate step between traditional correctional parole supervision and incarceration.

Your Committee has amended the bill as follows:

1. Clarified that the pilot program is designed for certain kinds of parolees and is to begin immediately upon their release from prison;
2. Changed the ending date of the pilot program to reflect the two-year period;
3. Changed the appropriation sum to \$131,000; and
4. Made the effective date of this bill July 1, 1988.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3221, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3221, H.D. 1.

Signed by all members of the Committee.

SCRep. 665-88 Finance on H.B. No. 2020

The purpose of this bill is to appropriate funds for the purchase of lands that have long-term value to the State.

Your Committee has amended the appropriation section of this bill by appropriating \$1 for the purposes of continued discussion; whereupon, a more accurate amount can be determined at a later date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2020, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2020, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 666-88 Finance on H.B. No. 2018

The purpose of this bill is to open up more lands for use by Hawaiian home lands beneficiaries now on the waiting list.

For purposes of continued discussion, the appropriations section of this bill has been amended with the insertion of \$1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2018, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2018, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 667-88 Finance on H.B. No. 3452

The purpose of this bill is to establish a state revolving fund to provide assistance to counties or state agencies in the construction of publicly-owned wastewater treatment works.

The State must statutorily establish a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987 to receive the \$63 million of federal capitalization grants set aside by Congress for this purpose. In addition, establishing a revolving fund would provide a source of financial assistance to the counties in constructing needed wastewater facilities in the future and would ensure compliance with statutory deadlines and the protection of our water resources and public health.

Testimony provided by the Department of Health indicated that in 1972, Congress amended the Federal Water Pollution Control Act of 1956 which provided for strong federal role in the construction of publicly owned wastewater treatment works. The 1972 amendments provided a federal grant share of 75 per cent in an effort to hasten the pace of wastewater treatment facility construction and eliminate a backlog of needed facilities. However, states and municipalities were expected to eventually assume full responsibility for financing new and replacement wastewater facilities. The recently enacted Water Quality Act of 1987 sets forth a schedule and mechanism for completing the transition to full state and local responsibility. This direct grant program will end in 1990.

Your Committee agrees that the receipt of available funds for the construction of wastewater treatment facilities is necessary for the preservation of the public's health. Implementation of this project will ensure the State's eligibility for the \$63 million in federal funding in accordance with the provisions and requirements of the Water Quality Act of 1987.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3452, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 668-88 Finance on H.B. No. 3238

The purpose of this bill is to provide for the planning, coordination, development, land acquisition, construction, management, protection, and implementation of the Hawaii statewide trail and access system. This system shall be known as "na ala hele".

Your Committee amended this bill by clarifying what constitutes a quorum for decision making purposes. The special fund was deleted because no revenues would be going into the fund. The bill was also amended to indicate that all council members, whether from the island or state council will not be receiving compensation but will be reimbursed for expenses necessary for the performance of their duties. Technical nonsubstantive amendments for the purpose of style and clarity were also made.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3238, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3238, H.D. 2.

Signed by all members of the Committee except Representatives D. Ige, Kanoho, Tajiri and Ribellia.

SCRep. 669-88 Finance on H.B. No. 3496

The purpose of this bill is to appropriate funds to the Criminal Injuries Compensation Fund to be used in fiscal year 1988-1989 to compensate the victims of certain crimes or the dependents of deceased victims. The funds would also be used to indemnify private citizens for personal injuries or personal damages suffered in the prevention of criminal activity or the apprehension of a criminal.

The funds appropriated and deposited into the Criminal Injuries Compensation Fund shall be used for compensation and indemnification as authorized by the Criminal Injuries Compensation Commission. The Commission authorizes compensation to victims of certain crimes or to their service providers for expenses such as out-of-pocket medical costs, loss of earning power, pain and suffering. The Criminal Injuries Compensation Fund and Commission are governed by chapter 351.

Your Committee has reviewed the details of the appropriation for each victim as contained in appendix A of the Criminal Injuries Compensation Commission, 1987 annual report. Your Committee agrees with the sum of \$557,809.91 as appropriated.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3496 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives D. Ige, Kanoho and Ribellia.

SCRep. 670-88 Finance on H.B. No. 3558

The purposes of this bill are to (1) increase from \$2,000 to \$10,000 the ceiling amount to which the Attorney General is authorized to adjust claims informally; (2) allow the Attorney General to refer claims to the Comptroller for investigation and informal resolution; and (3) appropriate funds to be used for paying informally resolved claims and for contracting necessary claims adjusting services.

Your Committee finds that the large number of small informal tort claims, which primarily involve minor property damage and loss, diverts time and resources of the Attorney General from litigation in matters such as personal injury and

construction. This bill is expected to allow the Department of the Attorney General to focus its efforts primarily on matters of critical importance to the State.

The Department of Accounting and General Services testified in favor the bill and recommended a \$150,000 appropriation to carry out its purposes. Accordingly, your Committee has amended the bill by inserting the sum of \$150,000 in the previously blank appropriation amount.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3558, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3558, H.D. 1.

Signed by all members of the Committee.

SCRep. 671-88 Finance on H.B. No. 3416

The purpose of this bill is to grant direct loans to family sugar growers who can demonstrate that a loan is necessary to prevent the closing of a family sugar growing operation.

Your Committee amended the purpose of this bill to delete the reference to family sugar growers. This bill is to grant direct loans to sugarcane growers whose costs of production exceed their returns, until such time as adequate returns are received, or the prospects for such returns are deemed realistic.

The sugar industry is essential to the health of Hawaii's economy and, for some areas of the State such as the Hamakua and Hilo coasts, the industry is the most critical factor in the social and economic survival of the affected communities. The success of sugar growers, and particularly those on unirrigated farms, are subject to factors, such as weather and market fluctuations, over which they have no control. While risks are part of farming, there are times when a number of negative factors come into conjunction and special action may be justified to save a farm from failure.

Your Committee has re-amended section 2 of this bill by deleting the sentence on page 2, lines 3-6, authorizing the Department of Agriculture to borrow up to \$10,000,000 from other lenders upon reasonable terms and conditions in order to secure funds to lend to eligible sugar growers. The Department indicated that this amount was not necessary and the appropriation for \$5,000,000 was sufficient in the event that a loan was necessary to the sugar growers. It was further indicated that this bill was a contingent measure in the event that an emergency farm loan could not be provided to the sugar growers.

Your Committee deleted all references to "family sugar growers" throughout this bill and has made other technical non-substantive amendments for purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3416, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3416, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 672-88 Finance on H.B. No. 2550

The purpose of this bill is to amend the existing definition of "public highways" to include both state and county highways, and exclude rail operation as transportation on public highways, in order to provide a more complete application of the provisions of Title 17, Hawaii Revised Statutes. In addition, the bill will allow the police department to enforce traffic violations on private roads.

Currently, the provisions of Title 17, which includes highway safety rules and regulations and the Statewide Traffic Code, are applicable only to roadways open to the public which are publicly maintained. Therefore, Title 17 provision violations which occur on private roads are not enforceable. Your Committee believes that it is necessary to include enforcement of violations on private roads as part of the public highway system, except those that are used primarily for agricultural purposes.

Your Committee agrees that motorcycles and motor scooters required to be registered under chapter 286 shall be exempt from this article unless they are driven on highways of this State, in which case, it is essential that they be insured under a liability insurance policy as provided in section 431:10C-503.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2550 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 673-88 Finance on H.B. No. 2691

The purpose of the bill is to provide required matching funds for a federal appropriation of \$6,375,000 for a Center for Applied Aquaculture in Hawaii. There is appropriated out of the general funds the sum of \$1,000,000 for fiscal year 1988-1989 to be expended by the Department of Land and Natural Resources for planning, design and construction of a Center for Applied Aquaculture facility at the Oceanic Institute.

Your Committee understands the State funds are contingent on a signed memorandum of understanding of cooperation being executed between the president of the University of Hawaii, the chairperson of the Department of Land and Natural Resources and the chairperson of the Oceanic Institute.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2691 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives D. Ige, Kanoho, Tajiri and Ribellia.

SCRep. 674-88 Finance on H.B. No. 3150

The purpose of this bill is to ensure that excess revenues from state hospitals be earmarked for hospital contingencies; to ensure that when the balance of such excess revenues exceeds ten percent of all hospitals' expenditures, the remainder shall be transferred into the general fund; and to statutorily establish the administrative special fund used to operate the County/State Hospital Division.

Your Committee agrees that while flexibility is required to operate a County/State Hospital System in a cost-effective manner, the highest priority for revenues generated by the system should be for immediate hospital needs. In the past the existing Hospital Special Fund has accumulated a surplus of up to \$6 million which was neither released for use by the hospitals nor released into the general fund. Your Committee believes that accountability for these funds requires that they either be used or returned to the general fund for subsequent reallocation by the Legislature, not set off on the side and subject only to internal budgetary decisions.

Your Committee also agrees that the Legislative Auditor properly identified the need to establish in law the existing special administrative fund which is used to run the State/County Hospital Division. The Division is currently funded from Medicaid or Medicare indirect cost reimbursements. Thus, the Division gets its administration for free. It is important that this special fund be treated differently from the existing Hospital Special Fund, because, while it may be prudent to return some excess revenues to the general fund, such a scheme applied to Medicaid or Medicare would result in the loss of those funds.

Your Committee on Finance is in accord with the intent and purpose of H.B. 3150, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 675-88 Finance on H.B. No. 2031

The purpose of this bill is to create an Office of International Services within the Governor's Office to oversee State efforts to improve diplomatic and economic ties between Hawaii and other nations, particularly in the Pacific Basin. The Office is charged with the responsibility of developing a strategic plan for State efforts in the Pacific Basin. The functions and personnel of the International Services Branch currently located in the Department of Business and Economic Development will be transferred into this Office to assist in this work.

Hawaii has a number of assets which offer it the opportunity to play a larger role in the Pacific region, an area which is seen as the future center of world economic activity. This opportunity has been noted by observers and leaders of Hawaii for decades, but so far efforts to realize this opportunity have fallen far short of expectations. The creation of this Office was one of the major recommendations in the report of the Majority Caucus' interim Work Group on the Pacific Basin. This Office will address certain glaring problems in Hawaii's relations with foreign nations, and will aid ongoing efforts to internationalize Hawaii's economy by increasing communication between projects to maximize results and minimize redundancy.

Your Committee received testimony on this bill from the University of Hawaii and the Department of Business and Economic Development.

Your Committee concurs with the recommendation of the Pacific Basin Work Group and finds that this bill will provide an essential component for Hawaii's quest to expand its role in the Pacific Basin and thereby expand and diversify its economy.

Your Committee has made the following amendments to the bill:

1. Deleted the transfer of the International Services Branch from the Department of Business and Economic Development to the Office.
2. Limited the Office to two years of existence.
3. Deleted the Office's responsibility for programs and services for businesses.
4. Deleted the Office's responsibility to serve as a clearinghouse for information, and inserted the creation of this clearinghouse in the Office's plan.
5. Deleted the Office's responsibility to publish a newsletter.
6. Deleted the International Business Center.

7. Altered the tasks in the strategic plan by requiring an interim report to the 1989 Legislature with the full report to be submitted to the 1990 Regular Session.

8. Deleted reference to the evaluation of University courses.

Further amendments have been made for consistency with the above amendments and to correct technical drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2031, H.D. 1 as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2031, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 676-88 Finance on H.B. No. 3404

The purpose of this bill is to allow the chief executives of the State and counties, the Board of Education, the Board of Regents, the Auditor, the Director of the Legislative Reference Bureau, the Ombudsman, and the Chief Justice, or their designated representatives to adjust the pay of excluded managerial employees to correct a long standing breach of sound merit principles of employment, under which employees who were incumbents when the Excluded Managerial Compensation Plan (EMCP) went into effect, are paid less than included employees who were or are subsequently promoted into the EMCP.

Your Committee believes that this bill would correct the inequity in pay involving excluded managerial employees. In essence, excluded employees and officers in the EMCP would not be paid less than those employees who were or are promoted, transferred, reassigned or otherwise moved into the EMCP from a compensation plan for employees covered under chapter 89. This bill also requires the payment of retroactive pay to those excluded managerial employees who received less pay because of inequitable pay adjustments.

Your Committee agrees that there are potential administrative difficulties which may be encountered by the respective personnel administrators of the civil service but believes that the existence of pay inequities must be addressed to maintain the soundness of the merit system.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3404, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives D. Ige and Ribellia.

SCRep. 677-88 Finance on H.B. No. 3008

The purpose of this bill is to clarify Act 225, Session Laws of Hawaii 1987, which was enacted as a follow-up to Act 157, Session Laws of Hawaii 1986. The bill clarifies that the intent of Act 225 was not to deny the right of employees to receive proper compensation through established civil service procedures nor to deny their right to petition for appeals under section 77-4, Hawaii Revised Statutes.

In addition, the bill clarifies that Act 225 did not limit nor restrict the authority of Public Employees Compensation Appeals Board (PECAB). Further, Act 225 did not intend to limit in any way the rights of those who had already initiated appeals with PECAB at the time Act 225 became law.

Your Committee, upon testimony from the Department of Personnel Services, amended the new language in section 6 of this bill to address the issue that any portion of the process or any type of retroactive change is inconsistent with all other actions authorized under this Act. Your Committee, believes this amendment will accomplish the intent of this bill to permit appeals by employees in classes covered by Act 157, SLH 1986. The new language will also permit PECAB, during its 1989 deliberations, to rule on appeals submitted during the 1987 deliberations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3008, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3008, H.D. 1.

Signed by all members of the Committee except Representatives D. Ige, Tajiri and Ribellia.

SCRep. 678-88 Finance on H.B. No. 2355

The purpose of this bill is to equalize the premium tax rates for domestic and foreign insurers. A number of foreign insurers have alleged that the present differential is unconstitutional and have, in fact, instituted litigation against the State on that basis. While your Committee does not necessarily agree with the foreign insurers on the question of the constitutionality of the present system, the provisions of this bill address the concerns of the foreign insurers and promotes certain legitimate State interests which are described in Section 1 of the bill.

This bill would equalize the premium tax rates for all insurers, while providing a preferred tax rate for insurers maintaining principal offices in the State of Hawaii.

Your Committee understands that some of the information required of insurance companies that seek to clarify their principal offices with the Insurance Commissioner under this bill are already reported to the Insurance Commissioner on a yearly basis. For example, the domestic insurers (and possibly some of the foreign insurers) presently report the expenses of their Hawaii operations to the Insurance Commissioner for each calendar year.

The only concern of the Insurance Commissioner regarding this bill is its impact on tax revenues to the State. However, your Committee received testimony from representatives of certain foreign insurers which indicate that H.B. No. 2355 will probably have a neutral impact on premium tax revenues.

Your Committee has made technical non-substantive 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. 2355, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2355, H.D. 1.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 679-88 Finance on H.B. No. 2975

The purpose of this bill is to provide for the delivery of educational and training services by the School of Travel and Industry Management at the University of Hawaii Manoa, which will assist Hawaii's visitor industry by extending the School's baccalaureate level and other training programs to the neighbor islands.

Your Committee is aware that the School of Travel Industry Management does not offer programs on the neighbor islands. Due to the lack of these programs, there is a severe shortage of travel industry managers on these islands. Many students on the neighbor islands are unable to relocate to Honolulu to receive this training from the University of Hawaii at Manoa and to obtain a degree in this field.

Your Committee received testimony from the Department of Business and Economic Development indicating that they were not the appropriate agency to handle this type of program. It was recognized that DBED's role in employment and career development is more of a planning and coordinative function. As a result, your Committee has amended Sections 2 and 3 of this bill to change the expending agency to the Department of Business and Economic Development/Tourism Training Council.

Your Committee also amended language on page 2 line 19 and on page 3, line 17 to clarify the scope of the services for training at the management and professional levels.

Your Committee also 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. No. 2975, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2975, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 680-88 Finance on H.B. No. 2604

The purpose of this bill is to continue the community-based employment program for the chronically mentally ill. The program will be expanded in the number of clients served; prevocational and vocational rehabilitation activities; and hours of employment.

Your Committee believes this bill will assist in supporting a very needed service to persons suffering from chronic mental illness and agrees the funding requested should be appropriated. This program will help these people have meaningful opportunities to participate in community life.

Your Committee has amended this bill by deleting the quoting of section 334-3.5 in the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2604, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2604, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 681-88 Finance on H.B. No. 2553

The purpose of this bill is to ensure that liability insurance is available at reasonable rates for certain obstetricians and gynecologists designated by the Insurance Commissioner. Your committee heard testimony that especially in certain rural communities the cost of liability insurance for certain OB-GYN's could jeopardize that type of medical services in those communities.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2553, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 682-88 Finance on H.B. No. 2391

The purpose of this bill is to establish a revolving fund for the University of Hawaii system's libraries.

This bill will authorize each library in the University of Hawaii system to retain all receipts received from fines, fees, and other revenues derived from library operations for the purposes of improving services to users and library operations.

The University of Hawaii testified that the rationale for keeping these funds for library use rather than returning them to the State General Fund is that persons who have overdues create an additional workload for checking shelves, for preparing and mailing notices, and for handling collections.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2391 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 683-88 Finance on H.B. No. 2532

The purpose of this bill is to establish an agency to coordinate veterans services in the Office of the Governor.

Your Committee has amended the purpose of this bill to delete the reference to the Office of the Governor and replace it with the Department of Defense (DOD).

The responsibilities of the new agency would include coordinating and promoting appropriate programs, disseminating public information, recommending legislation and administrative action, and administering Neighbor Island veterans cemetery maintenance subsidy payments.

Your Committee agrees that a central agency can benefit the 102,000 veterans residing in Hawaii since services to veterans are presently fragmented throughout a number of State agencies.

Your Committee has amended page 5, line 22, in order that any contracting of services be conducted under chapter 42. Other technical amendments were also made 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. 2532, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2532, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 684-88 Finance on H.B. No. 2380

The purpose of this bill is to amend Section 103-50, Hawaii Revised Statutes by providing for braille characters in addition to standard alphabet characters and numbers on the control panels of elevators in operation and intended for use by the public or by physically handicapped persons in public buildings and facilities of the State.

Your Committee finds that this bill will alleviate problems faced by independent blind individuals who encounter elevators, especially those in large public buildings, that have no braille control characters and therefore are not usable without sighted assistance.

Your Committee, upon testimony by the Department of Accounting and General Services, amended this bill to provide the sum of \$30,000 for the implementation of this Act.

Your Committee also amended this bill to reflect the industry standards for raised characters and braille as follows:

- 1) Added the phrase, "raised characters according to ANSI A117.1 and" on page 2, line 21;
- 2) Added the sentence, "In addition to the raised characters provided for ANSI A117.1-1980, section 4.10, braille characters shall also be required" on page 2, line 16.

Your Committee also amended page 2, line 6 to include all new State public buildings to include braille characters and renumbered sections 5 and 6 of this bill to read sections 4 and 5 respectively. The term physically disabled was deleted from page 3, line 2 and replaced with "handicapped individual". Reference to section 235-1 was also deleted from page 3, line 2 and replaced with section 348-2 which defines handicapped individual.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2380, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2380, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 685-88 Finance on H.B. No. 2638

The purpose of this bill is to make an appropriation for the celebration of the ninetieth anniversary of the arrival of the Okinawan people to Hawaii and by creating a commission which shall have charge of all the arrangements for this commemoration.

Your Committee received testimony in support of this measure from the United Okinawan Association of Hawaii. Your Committee supports the measure's intent to recognize the contributions of the Okinawan people in the development of Hawaii's multicultural environment. This recognition is congruous with the intent of the legislature to encourage recognition of the cultures and arts that make up our cultural heritage.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2638 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 686-88 Finance on H.B. No. 3219

The purpose of this bill is to appropriate \$150,000 for a statewide respite program for family care givers.

The rapid growth in Hawaii's older adult population necessitates an increase in services and programs involving long-term care. Eighty per cent of the caregiving for older adults occurs informally through family and/or friends. Your Committee agrees that unless caregivers' efforts are supported, the physical and emotional toll on entire families as well as the costs to society will be catastrophic. H.B. No. 3219 provides temporary relief for these caregivers in order to avoid burnout, and to permit their loved ones to remain at home as long as possible.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3219 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 687-88 Finance on H.B. No. 2028

The purpose of this bill is to appropriate funds for the preparation of an environmental impact statement (EIS) and related studies on the possible establishment of a launching facility.

Your Committee finds that air quality is an important part of the environment, and therefore, the EIS should include a study of the air quality of the surrounding areas on the island, especially the Kona district.

Your Committee believes the University of Hawaii at Hilo, due to its location, has the expertise and resources to assist the Department of Business and Economic Development in the preparation of an EIS. The Department should strongly consider this recommendation.

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. 2028, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2028, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 688-88 Finance on H.B. No. 2050

The purpose of this bill is to establish a library revolving fund into which moneys collected as fines for overdue books and payments for lost or otherwise unreturned books are deposited. Moneys in the library revolving fund would be used to purchase books or other library materials.

Under current law, moneys collected as fines or payments for unreturned books are deposited in the State general fund. This bill will allow the State Library to use revenues from these sources to purchase books and other materials to renew its collection.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2050, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 689-88 Finance on H.B. No. 3173

The purpose of this bill is to amend Section 40-88, Hawaii Revised Statutes, to provide a fund to be known as the State of Hawaii endowment fund. The income and capital gains from this fund shall be used for operations of the Honolulu Symphony.

Your Committee has adopted the recommendations of the Honolulu Symphony in conjunction with the Department of Accounting and General Services and has amended this bill to remove the Department of Accounting and General Services

from the role of fund administrator. Accordingly, your Committee has deleted the provisions requiring written instructions by the Department of Accounting and General Services from the list of restrictions to which the fund is subject. In addition, your Committee has deleted the department's rule-making authority to carry out the purposes of this section.

Your Committee has also amended the title of section 40-88 to properly reflect the name of the fund. Other technical, nonsubstantive amendments have been made 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. 3173, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3173, H.D. 2.

Signed by all members of the Committee.

SCRep. 690-88 Finance on H.B. No. 3456

The purpose of this bill is to authorize the Department of Health to initiate a prenatal screening program and to adopt rules to ensure that all pregnant women in the State are offered appropriate information, quality testing, diagnostic services, and follow-up services concerning neural tube defects and other disorders amenable to prenatal diagnosis.

At present, there is no state coordinated program for prenatal screening and diagnosis. A prenatal screening and diagnosis program would decrease maternal, fetal and neonatal mortality and morbidity by providing information related to pregnancy, birth and postnatal management. Such a program could result in preventive measures and aid in the planning and provision of services to high risk pregnant women and children with birth defects and their families.

Your Committee amended the bill to require the Department of Health to maintain confidentiality of records of women and their families participating in the program. The bill was also amended to conform to bill drafting requirements.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3456, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3456, H.D. 1.

Signed by all members of the Committee except Representatives D. Ige, Kanoho and Ribellia.

SCRep. 691-88 Finance on H.B. No. 2914

The purpose of this bill is to provide loans to those Manoa residents who have suffered losses to their homes and lands from the devastating effects of ground movement or who may suffer such losses from continuing movement. In addition, funds are to be provided to begin for the planning of housing on University of Hawaii lands in which affected residents would be allowed to relocate while repairs or reconstructions on their homes are occurring. Assistance to the City and County of Honolulu will be given to finance repair to the area. While residents are rebuilding or reconstructing their homes the residents are to be temporarily relocated to housing to be built on University of Hawaii lands. Once reconstruction on all affected homes has been completed, the temporary housing would revert back to the University of Hawaii for uses in a manner specified in its master plan.

The University of Hawaii, although concerned and sympathetic to the plight of the residents, felt that they might be legally constrained from rendering assistance as specified in the bill. The University questioned whether the bill was consistent with the public trust requirement of the State constitution, however the University of Hawaii expressed a willingness to be open to discussion should its concerns be satisfactorily addressed.

Finally, your Committee intends, that should qualified residents be required to relocate from their homes for periods where rehabilitation, renovation, or new construction of their homes may be performed, that the benefits of Chapter III of the Hawaii Revised Statutes be provided to those qualified residents pursuant to "improvements under governmental supervision". Your Committee views the necessary corrective and preventive measures to be under taken by either the State of City and County of Honolulu, as the case may be, to be sufficient grounds to activate relief provision contained in Chapter III of the Hawaii Revised Statutes.

Your Committee has amended this bill by inserting the sum of \$1 in Sections 2 and 3 of this bill for the purpose of determining a more accurate estimate of the costs at a later date. The bill was also amended by including an appropriation to the City and County of Honolulu for the purpose of financing repairs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2914, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2914, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 692-88 Finance on H.B. No. 3507

The purpose of this bill is to expand the source of funds for the state-wide boating program by using revenues from the boating program in addition to general revenue appropriations to pay for the construction of boating facilities.

Under present law, capital improvements for boating facilities including berths, slips, ramps, and related accommodations, may be paid from the boating special fund or from general revenues as authorized by the Legislature. On the other hand general navigation channels, breakwaters, aids to navigation, and other harbor structures are now funded only through general fund revenues. Your Committee believes that the Department of Transportation should have the option to utilize boating special fund revenues as well as general revenues to finance general navigation channels,

breakwaters, aids to navigation, and other harbor structures. This will allow the Department of Transportation the flexibility of constructing any boating facilities with fees generated from boating special fund revenues rather than having to solely depend on general fund appropriations for some types of facilities.

Your Committee has 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. 3507, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3507, H.D. 1.

Signed by all members of the Committee.

SCRep. 693-88 Finance on H.B. No. 2448

The purpose of this bill is to provide health benefits coverage under the Hawaii Public Employees Health Fund to legislative employees working at least one-half of a full-time equivalent position and employees for at least three months.

Your Committee received favorable testimony on behalf of the legislative staff who are limited-term salaried employees.

Your Committee has amended the definition of "employee" by deleting clause (5)(B)(v) which excludes an employee of the Legislature other than a member of the permanent staff from employee status.

Your Committee has also 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. 2448, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2448, H.D. 2.

Signed by all members of the Committee.

SCRep. 694-88 Finance on H.B. No. 2851

The purpose of this bill is to prevent child abuse and neglect through periodic orientation and training classes to be offered by the Department of Health to those required to report suspected cases of child abuse or neglect. In addition, employees in programs of agencies providing recreational or sports activities would be added to the list of those required to report suspected cases of child abuse or neglect. This bill also directs the Office of the Attorney General to develop a plan to perform criminal history record checks on those employed in those programs for children operated by the State or contracted for by the State.

Your Committee has amended this bill by removing the appropriations and placing those appropriation amounts into the 1988-1989 supplemental budgets of the departments. Your Committee has also corrected technical drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2851, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2851, H.D. 3.

Signed by all members of the Committee.

SCRep. 695-88 Finance on H.B. No. 2330

The purpose of this bill is to establish a pilot program, entitled "Operation Nightingale", to be operated by the Department of Health to offer review and training courses to assist graduates of nursing schools in passing the written examination of the Commission on the Graduates of Foreign Nursing Schools and the National Council Licensing Exam for Registered Nurses. The review and training courses will be conducted for a period covering four to six months. These courses are to be held prior to the dates of the examinations.

Your Committee agrees that the approach in this bill is a valuable augmentation to other programs aimed at addressing the current shortage of nurses in Hawaii. This program is targeted at graduates of nursing schools who have not yet passed the necessary examinations for licensure in Hawaii. Many of these graduates are currently working in health care institutions in the State as licensed practical nurses, nurse's aides, ward clerks, and in other nursing-related work. The time demands of their work and socio-economic pressures make it difficult for these individuals to prepare for these examinations. Under the program proposed in this bill, participating hospitals would assist their employees in maintaining their salary and job status by these scheduling their work hours to facilitate their attendance at classes.

Your Committee amended this bill as recommended by the University of Hawaii by eliminating the Dean of the School of Nursing from the candidate selection committee on page 5 of the bill and replacing the Dean with the University President, because the University of Hawaii has nursing training programs at the community colleges as well as Manoa campus.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. 2330, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 2330, H.D. 2.

Signed by all members of the Committee.

SCRep. 696-88 Finance on H.B. No. 2055

The purpose of this bill is to provide incentives to heads of households of families receiving assistance from the Aid for Dependent Children program (AFDC) or the General Assistance program (GA) to make successful transitions to full-time permanent employment or to participate in job training programs. Child care, health care, and housing assistance would be provided to families who no longer qualify for AFDC or GA benefits.

Your Committee finds that many families qualify for AFDC and GA because of unemployment. For these families, AFDC and GA were meant to provide temporary assistance until employment could be secured. However, although recipient parents may desire to work, disincentives for seeking employment have been inadvertently created. For example, when a recipient becomes employed, financial assistance benefits are reduced according to the amount of increase received. Newly employed parents may require child care services, which can be costly.

As a result, when a parent secures employment, oftentimes a reduction in the total income and benefit package results, especially if employment is at a minimum wage level. This bill creates incentives for seeking employment.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2055, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri, Marumoto and Ribellia.

SCRep. 697-88 Finance on H.B. No. 2904

The purpose of this bill is to permit the University of Hawaii to implement a self-insurance program for faculty members who provide professional services as part of their teaching duties in the fields of law, medicine, and nursing. This bill will permit the University to use its University of Hawaii at Manoa malpractice special fund as a self-insured reserve. The bill will also permit the University to fund this reserve with general fund appropriations from the legislature that are not inconsistent with the purposes of the special fund.

Your Committee believes a self-insurance program may reduce malpractice insurance premium costs. A self-insurance program may also assure the continued availability of malpractice coverage and would not be subject to the wide swings in coverage options and premium costs that have occurred in the commercial insurance industry in the past.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2904, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2904, H.D. 1.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 698-88 Finance on H.B. No. 3568

The purpose of this bill is to provide for an administrative process for child support obligations, which will be in compliance with the federal mandates of Public Law 98-378, Child Support Enforcement Act Amendments of 1984. This process is intended to achieve a more efficient method for handling child support enforcement cases.

Your Committee believes this bill will meet the federal requirements and provide for a fast and fair method for dealing with most child support cases. This bill will conserve judicial resources, and will relieve the Family Court of a substantial portion of the child support workload. Although the process diverts cases from the courts, the bill provides that any parent who is aggrieved by a final administrative decision may still obtain judicial review.

Your Committee has amended this bill by changing the reference to section 346-17.5 on page 9, line 6, to section 346-37.1.

Your Committee has also 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. 3568, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3568, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 699-88 Finance on H.B. No. 2102

The purpose of this bill is to enable the Department of Transportation (DOT) to pursue the development of an interisland or intra-island water ferry transportation system. It gives the DOT statutory authority to enter into an agreement with a private organization to provide a privately operated ferry system. The bill specifies certain requirements for the ferry system in order to receive State support, and limits the term that State support can be provided to not more than eight years. The bill appropriates \$1 for the State's portion of start-up costs, and requires the DOT to report the status of the water ferry system to the next Legislature.

The majority of commuters on Oahu travel by automobile, resulting in heavy traffic congestion along the island's major traffic corridors during morning and afternoon peak travel periods. Limits on monetary and natural resources severely

restrict the construction of more roadways. A water ferry system connecting Ewa and East Honolulu with the central business district in downtown Honolulu has been found to be a viable alternative.

Your Committee is concerned about the implementation of the new section under Chapter 268, Hawaii Revised Statutes (HRS). While the bill provides for the Department of Transportation (DOT) to enter into a lease, contract, or other agreement with a private entity to provide for a ferry system, such arrangements should be done in compliance with statutory requirements. The expenditure of public money and public contracts is regulated by Chapter 103, HRS. This concern was expressed to clarify the statutory requirements to DOT and that DOT should not come within any exceptions of this chapter.

Your Committee has amended this bill to correct certain typographic, technical, and stylistic errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2102, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2102, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 700-88 Education on H.B. No. 2385

The purpose of this bill is to expand the current health education programs available to teenagers by adding a new teenage health program. The Department of Health, working closely with the Department of Education, as it has in the past, would assist in the establishment of teenage health programs designed to enhance self-esteem, facilitate communication between students and parents, incorporate some of the conflict resolution techniques such as ho'o'pono'pono developed by our Native Hawaiian culture, and expand the use of peer groups in dealing with serious teen concerns. This is in addition to the existing mandatory health course at the high school level and other opportunities for health education.

Your Committee finds that while existing programs should be continued, they have not been as successful as hoped in changing high risk behavior among teens. Increasingly, innovative programs are learning techniques to enlist the peer group as an ally in encouraging behavioral and attitudinal changes, and the peer group setting seems to be a key.

This bill explicitly mentions two areas which have been underemphasized to date: the facilitation of communication between students and parents, and the goal to respect and include the diverse needs and values of parents and teens served by the program. Your Committee finds that our multi-cultural and multi-religious traditions provide a rich context for the pursuit of virtue and responsibility and should be seen as a resource for our young people. Teenagers should be encouraged to speak about and share their family values which can assist them in coping with personal challenges.

Your Committee wishes to note that the existence or control of school counselors or public health nurses in our school system is beyond the scope of this bill. This bill is designed to promote more communication, to acknowledge that many teen problems are interrelated, and to help our young people take their lives and their lifestyles seriously. It is no secret that mere pep talks by older adults have not had the desired effect of preventing problems. A more personalized and "relevant" context is required for this segment of society.

Your Committee heard testimony in support of this measure from the Department of Education, the Department of Health, the Hawaii Nurses' Association, and the Hawaii State Student Council. The Department of Education asked for clarification of the language added by H.D. 1: "This program shall not be a referral program." Your Committee agrees that this bill should not preclude referrals to parents or physicians when teenage health problems are encountered, and has amended the bill accordingly.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2385, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2385, H.D. 2.

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

SCRep. 701-88 Consumer Protection and Commerce on H.B. No. 3305

The purpose of this bill is to repeal Chapter 423, Hawaii Revised Statutes, and regulate providers of prepaid dental insurance plans by requiring that they register with the Department of Commerce and Consumer Affairs. The bill would also provide the Director of Commerce and Consumer Affairs with certain powers and duties to effectuate the purpose of this bill, including the power to establish reserve requirements if deemed necessary by the Director.

It is the intent of your Committee that these powers and duties be narrowly construed to accomplish the purposes of registration and stand-by reserve requirements only. Your Committee does not intend for this bill to enable broad-scale regulation of Dental Service Organizations.

Your Committee received testimony in support of this bill from the Hawaii Dental Association. Your Committee has amended the bill by including the phrase "this Act shall take effect upon approval" which was inadvertently omitted.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3305 as amended herein, and recommends that it pass Third Reading, in the form attached hereto as H.B. No. 3305, H.D. 1.

Signed by all members of the Committee except Representative Peters.

SCRep. 702-88 Finance on H.B. No. 3423

The purpose of this bill is to permit the Department of Agriculture to amend the terms of the loan made to the United Cane Planters Cooperative, pursuant to Act 183, SLH 1972, by reducing the interest rate charged on the remaining balance due on the loan from five per cent to one per cent.

Your Committee recognizes the efforts of the sugar industry to meet their financial obligations to the State without asking for a grant. Your Committee believes that with the assistance of the State, the sugar industry can survive.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3423, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 703-88 Finance on H.B. No. 2027

The purpose of this bill is to establish an Office of Space Industry in the Department of Business and Economic Development.

Your Committee believes that activities related to space exploration and development offer unique opportunities for the State to broaden and diversify its economic base. The Office of Space Industry will aid the State in taking advantage of space related opportunities by developing, coordinating, and monitoring the progress of a strategic plan for Hawaii's space industry.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2027, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 704-88 Finance on H.B. No. 2029

The purpose of this bill is to appropriate \$1,250,000 for fiscal year 1988-1989 out of the general revenues of the State of Hawaii for supporting space-related work in the University of Hawaii system.

Your Committee agrees that the University of Hawaii plays a major role in the economic development of the State. In support of the Governor's space initiative, the University has worked with the Department of Business and Economic Development to identify and prioritize major items building on current areas of excellence which would directly benefit the State's efforts to further develop its space industry. This appropriation will assist the University in expanding its role in space research, which the State must aggressively pursue in order to be competitive in this industry.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2029, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 705-88 Finance on H.B. No. 3548

The purpose of this bill is to authorize appropriations for satisfactions of judgments against the State, settlements, refund of real property taxes, and miscellaneous claims as provided in section 37-77.

As received, this bill lists forty-one claims for payment for a total appropriation of \$4,823,373.90.

Your Committee accepts the recommendation of the Attorney General to include an additional appropriation of \$19,166.22 for the payment of one additional claim. Your Committee has amended this bill to list a total of forty-two claims for payment and appropriate the sum of \$4,842,540.12.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3548, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3548, H.D. 2.

Signed by all members of the Committee.

SCRep. 706-88 Finance on H.B. No. 3555

The purposes of this bill are to: (1) clarify the responsibilities of the State and the counties in connection with the computerized fingerprint identification system; and (2) extend the period for expending and encumbering the sum appropriated for establishing the computerized fingerprint identification system until the close of business on June 30, 1989.

Your Committee finds that the responsibility for the purchase, installation, operation, and ongoing management of the computerized fingerprint identification system needs to be clarified. Under Section 846-2.5, Hawaii Revised Statutes, the

Attorney General is only responsible for selecting and enforcing systems of identification, and the counties are responsible for providing the equipment and compensation for the personnel to install and carry out such systems of identification. The problem is that this statutory language conflicts with Act 380, Session Laws of Hawaii 1987, which appropriated funds to the Attorney General to purchase and install the equipment needed to establish the computerized fingerprint identification system.

Accordingly, this bill expressly recognizes that the State, and not the counties, shall provide for the management of the computerized fingerprint identification system. In addition, this bill broadens the matters that are exclusively under the control of the State for which the State must bear financial responsibility by deleting the word, "prison" from Section 846-2.5, Hawaii Revised Statutes. Finally, this bill amends Act 380, Session Laws of Hawaii 1987, by extending the lapsing date of the unexpended and unencumbered balance of the appropriation to the end of the 1987-1989 fiscal biennium.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3555 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 707-88 Finance on H.B. No. 3628

The purpose of this bill is to permit the Department of Land and Natural Resources to charge and collect an application fee for a hunting license. It further provides that license agents may collect and account for application fees, that the Department may set the fee rate, and that the fees shall be the same for each county.

Your Committee received testimony in support of the bill from the Department of Land and Natural Resources and the hunting community.

Your Committee amended this bill to numerically rearrange the sections to conform to proper bill drafting requirements.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3628, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 3628, H.D. 1.

Signed by all members of the Committee.

SCRep. 708-88 Finance on H.B. No. 1700

The purpose of this bill is to extend the period for Vietnam veterans to be granted tuition waivers at the University of Hawaii. This bill also provides that such tuition waivers shall be in addition to other tuition waivers authorized by the University.

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. 1700, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1700, H.D. 2.

Signed by all members of the Committee.

SCRep. 709-88 Finance on H.B. No. 3414

The purpose of this bill is to have the Legislative Reference Bureau conduct a study of the compensation plans for the secretarial classes within the civil service of the State of Hawaii to correct any pay inequities.

Your Committee agrees that there is a misalignment in the classification and pricing of the secretary series. Furthermore, although adjustments have been implemented pay inequities continue to exist. It is the intent of your Committee that the study to be undertaken will utilize past studies and review the classification and compensation of the entire secretary series to identify and correct any classification and pay inequities. For clarification, it appears that the problem is twofold:

- (1) There is no parity with the present classifications and pricing; and
- (2) The position's pay is inappropriate.

Your Committee has amended this bill to make the Legislative Reference Bureau the expending agency for this appropriation and to change the effective date of the Act to July 1, 1988.

Your Committee has also 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. 3414, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3414, H.D. 2.

Signed by all members of the Committee.

SCRep. 710-88 Finance on H.B. No. 2179

The purpose of this bill, as received by your Committee, is to appropriate out of general revenues, the sum of \$250,000 for fiscal year 1988-1989, to conduct research on nori (*Porphyra sp.*) and other economically important marine species at the Natural Energy Laboratory of Hawaii that will contribute towards the development of commercial nori culture techniques in Hawaii.

Your Committee heard testimony from the the Royal Hawaiian Sea Farms in support of this measure. Royal Hawaiian Sea Farms, located on state-leased land at the Natural Energy Laboratory of Hawaii, stated that funds from the State would assist in their efforts in moving from the research stage to the commercial stage of production.

Your Committee has amended this bill by appropriating out of the general revenues of the State the sum of \$1 for fiscal year 1988-1989 and has also 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. 2179, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2179, H.D. 2.

Signed by all members of the Committee.

SCRep. 711-88 Finance on H.B. No. 3474

The purpose of this bill is to create a discoveries and inventions revolving fund and to provide for an annual report to the Governor and the Legislature on this fund.

Your Committee received testimony from the University of Hawaii in support of this measure. The University of Hawaii stated that the establishment of a revolving fund is essential for the overall effectiveness of the University's technology transfer and economic development program. The University indicated that the moneys would be used to support the development of technologies with potential commercial value and to support the administration of technology transfer activities at the University.

Your Committee has amended this bill by deleting the phrase, "for fiscal year 1988-89" on page 1, lines 6 to 7.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3474, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3474, H.D. 1.

Signed by all members of the Committee.

SCRep. 712-88 Finance on H.B. No. 3495

The purpose of this bill is to transfer the responsibility of reporting the financial status of the Special Unemployment Insurance Administration Fund from the Director of Finance to the Director of Labor and Industrial Relations.

Currently, the Director of Finance is responsible for the preparation of the report. However, your Committee believes the Department of Labor and Industrial Relations should report on the financial status of the Special Unemployment Insurance Administration Fund, since the state unemployment insurance program is administered by the Department of Labor and Industrial Relations.

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. No. 3495, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3495, H.D. 1.

Signed by all members of the Committee.

SCRep. 713-88 Finance on H.B. No. 2846

The purpose of this bill is to appropriate \$140,000 to fund a purchase of service agreement with the Catholic Charities, Child Sex Abuse Treatment Program to provide individual, group, and family therapy to juvenile sex offenders referred by the Department of Human Services and the Family Court.

Your Committee has amended the bill to provide that the appropriation shall not be used as a purchase of service but rather as a general appropriation for the same general purpose.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2846, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2846, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 714-88 Finance on H.B. No. 2533

The purpose of this bill is to require the family court to provide intake and diagnostic services for juveniles on a 24-hour a day basis.

Your Committee finds that 24-hour intake and diagnostic services will enable the court to evaluate the unique situation for each individual referred, and to respond to the particular needs of the individual in a more expeditious manner.

Your Committee amended the bill by changing the appropriation to \$390,000 in Section 2 of the bill. Your Committee has further amended this bill to correct technical drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2533, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2533, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 715-88 Finance on H.B. No. 2440

The purpose of this bill is to repeal the statute pertaining to the Commission on the Year 2000.

Your Committee believes the Commission on the Year 2000 is no longer necessary since its functions are essentially being assumed by the Office of State Planning.

Your Committee has amended this bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2440, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2440, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 716-88 Finance on H.B. No. 2403

The purpose of this bill is to broaden the use of the child abuse and neglect discretionary emergency assistance fund to include assistance to children and their families when a child has been placed under temporary foster custody.

Your Committee has amended the bill by:

(1) Expanding the scope of child abuse and neglect discretionary assistance which the Department of Human Services may grant to include children and families who are in emergency situations which have caused them to need assistance pursuant to chapter 587, the Child Protective Act;

(2) Increasing from \$250 to \$1,000 the maximum annual amount of emergency assistance which may be granted to a family, in most instances;

(3) Increasing from \$600 to \$2,000 the maximum amount of emergency assistance which may be granted in exceptional cases; and

(4) Increasing the amount appropriated from \$10,000 to \$50,000.

Other technical, nonsubstantive amendments have been 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. 2403, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2403, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 717-88 Finance on H.B. No. 2394

The purpose of this bill is to establish a wildlife revolving fund, using funds obtained from hunting fees and other activities to match Pittman-Robertson federal aid.

Your Committee heard testimony in support of the bill from the hunting community. However, the Department of Land and Natural Resources (DLNR) expressed concern that the bill may jeopardize Pittman-Robertson grants-in-aid. Your Committee has asked DLNR to check the wording of the bill with the State Attorney General and with the Solicitor General of the United States. Recommendations based on the responses will need to be considered before final action is taken on this measure.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2394 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 718-88 Finance on H.B. No. 1937 (Majority)

The purpose of this bill is to legalize bingo games. This bill provides for the regulation of bingo games through the issuance of permits.

Your Committee believes that bingo is a type of entertainment which should be legalized. Many elderly people enjoy bingo as a social activity. Generally, organizations such as churches and other bona fide non-profit organizations benefit from conducting such bingo games.

Your Committee believes this bill will carefully regulate bingo game activity through the permit process.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1937 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 Kanoho, Tajiri and Ribellia.
(Representatives D. Ige and Cavasso did not concur.)

SCRep. 719-88 Finance on H.B. No. 2197

The purpose of this bill is to remove the jurisdictional split between the State and the counties by vesting all fiscal responsibility with the State for removal, quarantine, and care of infected persons deemed by the Department of Health to pose a risk to the community.

Your Committee finds that this is an important logistical step which will eliminate current ambiguities caused by the division of responsibilities between the department and the various counties and will enhance the department's ability to protect the public from infectious diseases.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2197 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho and Ribellia.

SCRep. 720-88 Finance on H.B. No. 2017

The purpose of this bill is to establish a state agency to administer a land bank program.

Your Committee agrees that there is a need to preserve land resources in direct proportion to the demand to develop them. This intent is in accord with Article XI, section 4 of the Constitution of the State of Hawaii, which authorizes the State acquire interests in real property to control future growth, development, and land use within the State. In view of this mandate, this bill provides for a state agency to acquire title to, or long-term use of, lands for the land bank.

Your Committee has amended the bill to limit the use of the special fund monies in this program to the purchase of fee simple title to appropriate tracts of land. The bill was also amended to mandate the inclusion of lands in watersheds, conservation zoning, and shoreline areas in the lands acquired by this program.

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. 2017, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2017, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 721-88 Finance on H.B. No. 3569

The purpose of this bill is to allow the interest realized from the special interest-bearing account for child support payments to be deposited into the State treasury.

Federal regulations (45 C.F.R. §304.50) clearly require that any interest or other income earned by a state in recovering Title IV-D child support payments must be offset against the state's right to a 68% reimbursement from the federal government of the cost of operating the Title IV-D program. Those regulations also lay out a funding mechanism which relies upon a state to provide the initial funding for the cost of the program.

This bill provides for all interest earned by the special interest-bearing account for child support payments to be deposited into the State treasury. Such deposits will replenish the initial source of funding for child support enforcement activities to the maximum extent possible.

Your Committee has amended this bill by changing the effective date of the Act to July 1, 1988. Other technical, nonsubstantive amendments have been made 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. 3569, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3569, H.D. 1.

Signed by all members of the Committee.

SCRep. 722-88 Finance on H.B. No. 3427

The purpose of this bill is to increase the monthly retirement allowance by \$1 per month for each year of credited service for those pensioners with at least ten years of credited service who retired prior to July 1, 1982.

Your Committee believes this bill will provide a measure of financial relief to those pensioners who made government service their careers.

Your Committee has amended this bill by providing the sum of \$3,300,000 to carry out the purposes of this bill.

Your Committee has also 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. 3427, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3427, H.D. 1.

Signed by all members of the Committee except Representative Cavasso.

SCRep. 723-88 Finance on H.B. No. 3563

The purpose of this bill is to make it possible for the State to have a business and marketing presence in locations overseas.

Your Committee finds that state procedures for conducting business may not be applicable in other countries. State purchase orders may not be accepted overseas. Commitments based on U.S. dollars may fluctuate unacceptably with changes in the value of the dollar, and to be effective, a business must be able to conform to local business practices. The establishment of a state office in other countries may alleviate some of these barriers.

Your Committee has amended this bill by deleting the requirement that the Governor approve the appointment of employees which may lead to undue delays in carrying out the necessary day-to-day transactions and operations.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3563, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3563, H.D. 2.

Signed by all members of the Committee.

SCRep. 724-88 Finance on H.B. No. 1604

The purpose of this bill is to authorize the Board of Land and Natural Resources (Board) to modify or change the use provisions set forth in intensive agricultural leases executed pursuant to chapter 171.

Your Committee believes this bill will give farmers with intensive agricultural leases the opportunity to fully utilize the available resources. Specifically, it would allow leases to be altered to permit multiple uses and open the way for farmers to integrate aquaculture or mariculture production into their agriculture farms.

Your Committee has amended this bill by retaining the provision which requires that the rental not be less than the rental for the preceding term and by addressing the concerns of the Department of Land and Natural Resources to provide that alternative uses may be allowed by the Board upon (1) application of the lessee; (2) consent of each person with an interest in the leasehold; and (3) a finding by the Board that the alternative uses are in the public interest.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1604, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1604, H.D. 1.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 725-88 Finance on H.B. No. 2310

The purpose of this bill is to provide funds for improving tsunami preparedness in Hawaii.

The testimony indicated that the present tsunami inundation maps, illustrated in all public telephone directories, were prepared almost two decades ago. The maps are outdated, prepared from limited data, very conservative, lack the detail to accurately depict boundaries, and do not provide information on evacuation direction.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2310 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 726-88 Finance on H.B. No. 2002

The purpose of this bill is to clarify the laws relating to public records and individual privacy. Specifically, this bill addresses the often competing public and privacy interests in a single new law which categorizes various types of requestors while establishing certain countervailing individual privacy interests.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2002, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 727-88 Finance on H.B. No. 2146

The purpose of this bill is to extend the State's employee stock ownership program to June 30, 1993.

The Hawaii State Plan, Section 226-103(9), Hawaii Revised Statutes, establishes as an economic priority guideline, a policy which directs offices of the State to support and encourage, through educational and technical assistance programs and other means, expanded opportunities for employee ownership and participation in Hawaii businesses. In Act 315, Session Laws of Hawaii 1986, the Legislature enacted an interim program to implement this policy. Act 315 expires June 30, 1988.

Your Committee has amended the effective date of this bill to implement this bill upon approval. Other technical, nonsubstantive changes have been made for purposes of style and clarity.

Your Committee on finance is in accord with the intent and purpose of H.B. No. 2146, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2146, H.D. 2.

Signed by all members of the Committee.

SCRep. 728-88 Finance on H.B. No. 2024

The purpose of this bill is to direct the Office of State Planning to coordinate and integrate the spectrum of interests, plans and proposals, and opportunities which exist in the Honolulu waterfront planning area.

Your Committee finds that the development of the Honolulu waterfront has the potential for revitalizing downtown Honolulu, serving as a catalyst for improvement of surrounding areas, and contributing to Hawaii's long-term economic growth. Because of the importance of this project, your Committee concurs with the finding of the Waterfront Development Work Group on the need for a comprehensive planning process to take full advantage of the opportunities that the waterfront provides.

Based on the testimony presented by the Office of State Planning and the Department of Transportation, your Committee has amended this bill as follows:

1. Redefined the study area to consist of the coastline extending from the Honolulu International Airport to the Ala Wai Yacht Harbor and also including the Barber's Point Deep Draft Harbor. Your Committee finds that much of the shoreline between the Honolulu International Airport and Barber's Point Deep Draft Harbor is under military jurisdiction and is restricted for public use and access.
2. Replaced the requirement for an environmental impact statement (EIS) with an environmental assessment as part of this overall planning effort. According to testimony, the preparation of an EIS is premature; instead of a "blanket" EIS, it would be preferable to develop separate EIS's on individual projects as they are identified by the waterfront master plan.
3. Deleted the specific requirements relating to the preparation of conceptual development plans for Barber's Point Deep Draft Harbor and Kewalo Basin. Given the limited time frame and budget, and based on the primary objectives of the project, your Committee believes that the requirements for the preparation of such detailed plans may be unrealistic.
4. Inserted marine-related research and educational activities as uses to be considered as part of the study on Kewalo Basin. Your Committee recognizes the presence and contributions of the various research facilities located on this portion of the waterfront.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2024, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2024, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 729-88 Finance on H.B. 2092

The purpose of this bill is to increase the mileage fee paid to jurors in compensation for the miles traveled to and from court for each day of court attendance.

Your Committee recognizes that the mileage fee should be increased to ease the burden of extra out-of-court expenses borne by jurors.

Your Committee has amended this bill by including the sum of \$1 for the purpose of determining an accurate estimate of the total amount required for mileage fees at a later date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2092, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2092, H.D. 2.

Signed by all members of the Committee.

SCRep. 730-88 Finance on H.B. No. 2005

The purpose of this bill is to establish a mechanism for use of an ignition interlock system to prevent persons with alcohol dependency from driving while they are under the influence. These systems by means of a breath test prevent a person whose blood alcohol is over a specified limit from starting a vehicle.

This bill provides a new chapter establishing regulations and basic standards for certification and use of the system, and provides for use of the system in the penalty provisions for conviction of "driving under the influence". Specifically, the bill permits the court to require connection of an ignition interlock system to a person's car after a first conviction and mandates connection for all subsequent convictions.

The bill further mandates the court to require that all persons convicted of "driving under the influence" be assessed for alcohol abuse or dependence and obtain appropriate treatment if abuse or dependence is established.

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. 2005, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2005, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 731-88 Finance on H.B. No. 3473

The purpose of this bill is to provide for the eligibility of councilors who may not be registered voters or legal residents, as that term is defined in Section 78-1(b), to be appointed to school district advisory councils.

Present provisions of the law effectively preclude certain segments of the population from appointment to the school district advisory councils, despite the fact that such persons may be particularly well-qualified to represent the interests of the particular segment of the population delineated. This population is largely composed of military personnel, university students, and those who temporarily reside and work in Hawaii while maintaining their legal residence and voting registration in their home states.

Your Committee agrees that it is desirable to allow the widest and best qualified representation on the school district advisory councils.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3473 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 732-88 Finance on H.B. No. 2026

The purpose of this bill is appropriate funds for the acquisition of parcels within the Kapalama Military Reservation from the federal government.

Your Committee finds that the parcels within the Kapalama Military Reservation on Oahu represent the largest, contiguous area available for waterfront industrial uses in the vicinity of Honolulu Harbor. The State's acquisition of these properties is essential to meet Hawaii's long-range maritime needs as well as to expand options with respect to the development of the Honolulu waterfront.

Based on the testimony presented by Departments of Land and Natural Resources and Transportation, and the Office of Hawaiian Affairs, your Committee has deleted the following parcel from the list of properties to be acquired under this bill: 11.36 acres of ceded land designated by Tax Map Key: 1-2-25: portion 02. Your Committee finds that an appropriation is not necessary for the State to regain control of ceded lands.

Your Committee has further amended the bill by rewording the last three sentences in Section 1 to identify the existence of a parcel of ceded land within the Kapalama Military Reservation and to clarify that the three parcels of federal fee lands are intended for acquisition under this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2026, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2026, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 733-88 Finance on H.B. No. 2025

The purpose of this bill is to appropriate funds for the Office of the Legislative Auditor to identify the proper government entity to manage the planned development of the Honolulu waterfront.

Presently, your Committee finds that there are various plans for the development of certain portions of the Honolulu waterfront. Because of the waterfront's considerable importance to the economic well-being of this State, and its potential to provide a wide variety of new commercial, recreational, educational, and cultural opportunities, your Committee believes that the Office of State Planning is the appropriate body to develop the overall master plan for the Honolulu waterfront.

This bill appropriates funds to study one essential complement to this master plan, namely the identification of the proper government entity to carry out this development effort and to manage the waterfront area. Your Committee believes that such a critical study, which would also analyze innovative methods of financing harbor improvements, would best be undertaken by a neutral third party. Because of the broad scope of this effort, a large number of agencies capable of undertaking this study will be directly involved with some aspect of the development of the Honolulu waterfront. In order to ensure the objectivity of this undertaking, your Committee agrees that the Office of the Legislative Auditor would be the proper agency to conduct this study.

Based on the recommendation of the Maritime Affairs Committee of the Chamber of Commerce of Hawaii, your Committee has amended this bill by inserting the word, "market" or "marketing", in Section 2 of the bill to expand the role of the government entity. With this amendment, the role consists of planning, financing, development, marketing, and operation of the Honolulu waterfront. Your Committee has also replaced the word, "manage" with "operate" on line 14 of page 1 to make it consistent with the rest of the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2025, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2025, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Kawakami, Tajiri and Ribellia.

SCRep. 734-88 Finance on H.B. No. 2054

The purpose of this bill is to appropriate funds for: (1) a parenting education demonstration project designed to reduce child abuse and neglect; (2) a parent information telephone line to provide a free source of information about children for parents and other concerned individuals; and (3) a conference on child care issues.

Your Committee finds that children require substantial care, attention, support, and nurturing to enable them to develop fully their physical, emotional, social, and intellectual capacities. The activities supported by the appropriations made by this bill are intended to assist parents and other caregivers in their relationships with children.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2054, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Arakaki, Kanoho, Tajiri, Cavasso and Ribellia.

SCRep. 735-88 Finance on H.B. No. 3475

The purpose of this bill is to authorize the University of Hawaii to establish a revolving fund for its vocational and technical training projects by amending Section 304-8.4, Hawaii Revised Statutes, to include the University of Hawaii at Hilo.

Your Committee believes such vocational and technical training projects will assist the Hilo community.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3475 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 736-88 Finance on H.B. No. 2953

The purpose of this bill is to enable statewide coordination in the Main Street community development program between the public improvements and the improvements made by individual merchants to their properties.

Your Committee finds that certain urban areas may be old and dilapidated. Through this Main Street program, these areas will be revitalized to become economically viable. Both the public and private sectors must work together to bring about this urban rejuvenation.

Your Committee has inserted the sum of \$1, so a more accurate estimate of the costs can be determined at a later date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2953, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2953, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 737-88 Finance on H.B. No. 2022

The purpose of this bill is to assist businesses in better understanding government permits and processes by enhancing existing programs within the Small Business Information Service of the Department of Business and Economic Development. Under this bill, the department is authorized to establish a walk-in center on an experimental basis that would provide various services to the business community. Additionally, the department is directed to coordinate the feasibility of using a master application form for business permits. Additional resources, including personnel and funding, would be provided to carry out the purposes of this bill.

Your Committee received testimony in support of this bill from the Department of Business and Economic Development, the Department of Commerce and Consumer Affairs, and the National Federation of Independent Business.

Your Committee has amended this bill by adding a new chapter entitled Business Permits Service Center to be established within the Department of Business and Economic Development. The purpose of this Act is to establish a "one-stop" business permit service center which will provide interested persons with comprehensive information on permit requirements, assistance in coordinating the processing and review of permits, general information on other laws persons in business should be aware of, and information on financial assistance programs available for businesses.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2022, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2022, H.D. 2.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 738-88 Finance on H.B. No. 3012

The purpose of this bill is to provide funds for additional mental health positions for mental health services to children and youth.

The Department of Health (DOH) felt that this bill would provide flexibility in funding and staff so that a range of appropriate mental health resources could be allocated student by student, region by region, to meet the mental health needs of children and youth throughout the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. 3012, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 739-88 Finance on H.B. No. 2127

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to establish the amount of fishing fees through administrative rules, and to provide that the fees would be set at an amount reasonably necessary to provide supplemental funding for enforcement of fishing and aquatic resource regulations. The bill further provides that the fees currently specified in the statutes for fishing permits and licenses shall remain in effect until DLNR administrative rules governing such fees take effect.

Your Committee has made technical, nonsubstantive amendments to conform to bill drafting requirements.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2127, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2127, H.D. 2.

Signed by all members of the Committee.

SCRep. 740-88 Consumer Protection and Commerce on H.B. No. 3261

The purpose of this bill is to allow a failed or failing state-chartered bank to be acquired by an out-of-state financial institution. The bill creates a new chapter and sets forth the procedures by which acquisition would occur. The Commissioner of Financial Institutions would first determine that a state-chartered financial institution is in danger of failing and deliver a copy of that decision in writing to the institution in question. The Commissioner, pursuant to rules

to be promulgated, could then accept applications from other financial institutions to acquire the assets, stock, or part of the stock of the failing institution, or to merge with that institution.

The bill specifies certain factors which must be considered by the Commissioner in evaluating applicants to acquire failed or failing financial institutions. The bill also establishes preferences for applicants: state chartered financial institutions and national banks having their principal place of business in Hawaii first, then out-of-state financial institutions.

The bill also provides for a provisional charter to facilitate the taking of action by the Commissioner.

Your Committee received testimony in favor of this bill suggesting some modifications.

The definitions section has been modified to be more specific. The preference section is modified to give preference first to state chartered banks, bank holding companies, and national banks whose principal place of business is in this state; second, to in-state savings and loan associations and savings and loan holding companies; third, to out-of-state banks or bank holding companies in Alaska, Arizona, Idaho, Nevada, Oregon, Utah or Washington; and fourth, to banks and bank holding companies from other states.

Your Committee has also added a severability provision and a provision making clear that conduct in applying the provisions of this chapter is discretionary and, in the absence of actual malice, state officials will not be subject to civil liability.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3261, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3261, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 741-88 Finance on H.B. No. 2311

The purpose of this bill is to improve the statewide tsunami warning, response, and information system to include the addition of two remote data communication systems to existing tide gauges at Nawiliwili, Kauai, and Kahului, Maui; and the installation of telemetered tsunami gauges on the Puna Coast of Hawaii and the North Shore of Oahu.

Testimony revealed that the Pacific Tsunami Warning Center maintains a network of six tide gauges, four on the Big Island, and two on Oahu. However, these data are not presently available to Civil Defense components for their own evaluation. The installation of a remote data telemetry system to provide real time access by Civil Defense to the existing sea level network and the installation of two new tide gauges at strategic locations would greatly enhance the capability of Civil Defense to respond to an ongoing tsunami threat. In addition, the sea level data would monitor high surf conditions or possible storm surge associated with a hurricane.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2311 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 742-88 Finance on H.B. No. 2021

The purpose of this bill is to establish an advisory task force on business financing and to study innovative financing assistance programs to help broaden Hawaii's economic base.

There exists a growing need to assist and encourage businesses and ventures in seeking possible solutions for their start-up financing. In addition, financial assistance may also be needed for these entities in their growth stages. The assistance to businesses for start-up financing and during their growth stages are critical to assure the attainment of a viable economic base for the State of Hawaii.

Your Committee believes that the establishment of a task force will be beneficial to the financial and business community. Accordingly, your Committee has amended the bill to provide \$15,000 as recommended by the Department of Business and Economic Development.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2021, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2021, H.D. 2.

Signed by all members of the Committee.

SCRep. 743-88 Finance on H.B. No. 2093

The purpose of this bill is to transfer administrative responsibility of the motor vehicle inspection program from the counties to the State Director of Transportation.

Currently, the counties administer the motor vehicle safety inspection program. Because each county council is free to determine the amount of the fee to be paid for motor vehicle inspections within its county, there exist inequities among the various counties over the costs of inspections.

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. 2093, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2093, H.D. 2.

Signed by all members of the Committee.

SCRep. 744-88 Finance on H.B. No. 2451

The purpose of this bill is to create a hazard mitigation capability within the State Department of Defense's Civil Defense Division.

The State Department of Defense testified in favor of this bill which would be a step in the direction to reducing potential damage and hardship that could be caused by natural disasters in the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2451, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 745-88 Finance on H.B. No. 2398

The purpose of this bill is to appropriate funds for the Legislative Auditor to conduct a study of the provisions of H.B. No. 2398, as originally introduced. As introduced, H.B. No. 2398 proposed to establish a structure and procedures by which the Insurance Commissioner may ensure that casualty insurance is available in Hawaii at reasonable rates. The bill as received by your Committee directs the Legislative Auditor to determine the feasibility of implementing those provisions and to recommend mechanisms and procedures under which the Insurance Commissioner can ensure the availability of affordable casualty insurance policies. Your Committee intends that the study include the consideration of the types of casualty insurance unavailable in the State and those available but at rates unaffordable to businesses. The sum of \$50,000 is provided for the Legislative Auditor to conduct the study.

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. 2398, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2398, H.D. 2.

Signed by all members of the Committee.

SCRep. 746-88 Finance on H.B. No. 2384

The purpose of this bill is to provide an incentive to the State's inpatient health care institutions to encourage these providers to develop innovative programs to retain licensed practical and registered nurses in light of the growing shortage of such nurses at these facilities. The bill mandates the Department of Human Services to establish, with the approval of the federal government, a special add-on rate to the Medicaid reimbursement rate to institutions that can demonstrate that they have retained 60 percent of their nurses for five years or more.

Your Committee agrees that there is a shortage of bedside nurses, particularly at acute care institutions, which has been a subject of widespread concern in the State of Hawaii for the last several years. Your Committee believes that the nursing shortage needs to be addressed on many fronts including increasing the numbers of graduates that Hawaii's educational institutions are producing and providing review and training courses to enable graduates of foreign nursing schools to pass the written nursing examinations of the State. It is felt that this bill addresses the troublesome issue of the retention of nurses who are already employed in the State's inpatient facilities.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2384, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2384, H.D. 1.

Signed by all members of the Committee.

SCRep. 747-88 Finance on H.B. No. 1550

The purpose of this bill is to formally charter the Bishop Museum as Hawaii's State Museum of Natural and Cultural History and to have this status implemented through an annual appropriation of not less than one per cent of its operating budget.

Your Committee recognizes the Bishop Museum has a unique relationship with the State of Hawaii. The bill was amended to reflect this unique relationship by providing for an annual appropriation which shall be exempted from the requirements of chapter 42. The bill was also amended by removing the museum's function as a depository of natural objects and cultural artifacts because this is a responsibility of the Department of Land and Natural Resources. The minimum appropriation requirement was deleted from this bill so that the museum's operating budget request can be reviewed each fiscal year by the Legislature. In addition, with regard to the entity designated to examine the use of state funds by the museum and report any findings to the Legislature, the bill was amended to transfer this responsibility from the Director of the Department of Land and Natural Resources to the Comptroller.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1550, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1550, H.D. 2.

Signed by all members of the Committee.

SCRep. 748-88 Finance on H.B. No. 3304

The purpose of this bill is to amend the Insurance Code, Acts 347, 348 and 349, Session Laws of Hawaii 1987, to establish consistency in the application of the code.

The bill would:

1. Require filing fees throughout the code in instances where forms filed with the Insurance Division are reviewed and approved by the Division;
2. Provide for a penalty and possible revocation of a fraternal benefit society license in the event of late or non-payment of the license fee;
3. Require foreign or alien insurers to notify the commissioner of name changes before the effective date of the change;
4. Permit the commissioner to appoint a senior rate and policy analyst exempt from civil service requirements;
5. Make certain provisions of the insurance code applicable to title insurance and title insurers; and
6. Correct certain section references to the code.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3304, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3304, H.D. 2.

Signed by all members of the Committee.

SCRep. 749-88 Finance on H.B. No. 2117

The purpose of this bill is to change the name of the Department of Corrections to the Department of Public Safety and to consolidate and integrate into the Department of Public Safety the Office of the Sheriff along with the judicial security personnel.

The effect of this bill is to place the Office of the Sheriff and judicial security personnel, which are presently divisions of the State Judiciary, under the presently named Department of Corrections and to rename the newly structured department as the "Department of Public Safety". This measure will permit economy, efficiency, and effectiveness in operations.

Your Committee has amended the bill to make the change from "Corrections" to "Public Safety" consistent.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2117, H.D. 2., as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2117, H.D. 3.

Signed by all members of the Committee.

SCRep. 750-88 Finance on H.B. No. 2703

The purpose of this bill is to provide funds for a demonstration shrimp project which would utilize some of the substantial equipment, water, land, and labor resources currently devoted to sugar production.

At the present time, the sugar industry is looking into new and innovative agronomic practices, different and efficient refining practices, innovative uses of the sugar plant and attendant waste products, and the development of other crops and products. One of the most promising ventures that can be integrated into the existing sugar structure is shrimp aquaculture.

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. 2703, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2703, H.D. 2.

Signed by all members of the Committee.

SCRep. 751-88 Finance on H.B. No. 3467

The purpose of this bill is to amend the tax laws by removing the Department of Health as certifier for certain exemptions and substituting the Department of Taxation.

Your Committee finds that historically, tax benefits for the blind were granted by the tax commissioner. While current law requires certification by a medical officer of the Department of Health, anyone with knowledge of medical terminology would be able to certify the disability since certification is based solely on the report of a private physician. Requiring certification by a medical officer is cumbersome for those who live on Neighbor Islands or when a medical officer is unavailable. Shifting certification responsibilities to the Department of Taxation would facilitate the process for certain tax exemptions.

Your Committee finds that this bill will provide a more reasonable method for certification for those qualifying for these tax exemptions.

Your Committee has amended this bill by deleting the phrase "as provided in section 235-1" and adding the phrase "by any examiner" to reflect all other personnel authorized by the Department of Health to certify the impairment.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3467, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3467, H.D. 2.

Signed by all members of the Committee.

SCRep. 752-88 Finance on H.B. No. 3441

The purpose of this bill is to make changes in the loan program which would reduce paper work and permit the program to be more effective by making interest rates more responsive to market conditions.

Your Committee heard testimony in support of this bill from the Department of Business and Economic Development (DBED), which testified that the changes reflect a practical approach to the way they would like to do business. The Chamber of Commerce also indicated that this bill would give DBED more flexibility in making loans. In addition, this is another step forward in the process of developing more effective business financing options.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3441 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 753-88 Finance on H.B. No. 3137

The purpose of this bill is to provide long-term leases to resident farmers throughout the State, who have been on month-to-month permits from the Department of Land and Natural Resources for many years.

Your Committee heard testimony in favor of this bill from the Department of Land and Natural Resources and from many local farmers.

Your Committee finds that the present situation is difficult for permittees because adequate financing is not available to persons with short-term permits. Your Committee believes month-to-month revocable permits are not a viable vehicle to develop diversified farming, and the situation places an unacceptable burden on the permittees.

It is the consensus of this Committee that permittees who have been surviving month-to-month should be able to convert to long-term leases regardless of the income they receive from their farm.

Your Committee has amended the bill to add section 78-1 which would also apply to the hiring provisions in section 6 of this bill.

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

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3137, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3137, H.D. 2.

Signed by all members of the Committee.

SCRep. 754-88 Finance on H.B. No. 3519

The purpose of this bill is to resolve certain ambiguities in the franchise tax law pertaining to banks and financial corporations. These ambiguities have caused losses in tax revenues to the State.

Your Committee heard testimony from the Department of Taxation which explained the reason for the tax revenue loss.

The loss occurs when a bank or other financial corporation initiates operations after the start of the one year period used in measuring the franchise tax. As indicated by the Department of Taxation, this bill would alleviate this problem.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3519 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 755-88 Finance on H.B. No. 2732

The purpose of this bill is to provide for notification to victims of criminal injuries or their dependents of the option to have payments made on their behalf to other designated persons.

Your Committee received testimony in favor of this bill from the State Department of Corrections and the City and County of Honolulu's Department of the Prosecuting Attorney.

Your Committee has amended this bill to conform the bill to the proper Ramseyer format for amending subsections.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2732, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2732, H.D. 1.

Signed by all members of the Committee.

SCRep. 756-88 Judiciary on H.B. No. 3536

The purpose of this bill is to give the Department of Transportation the statutory authority to regulate the anchoring, mooring, or other placement of houseboats and vessels within the ocean waters and navigable streams of the State outside state harbors. This bill will also authorize the Department to charge fees to generate additional revenues to support the additional management and control of these offshore moorings. Pleasure and fishing vessels temporarily anchored for a period of less than 72 hours shall be excluded from the provisions of this chapter. Further, the provisions of this chapter shall be regulated by permit.

At present, no law exists governing the offshore mooring of vessels and houseboats on or within ocean waters or navigable streams outside State harbors. In the interest of boating safety, some mechanism is needed to regulate the indiscriminate anchoring and mooring of vessels and houseboats. This bill will provide the Department with the statutory authority necessary to remove derelict vessels and houseboats from State waters.

Your Committee received favorable testimony on this bill from the Department of Transportation.

Your Committee has made a nonsubstantive amendment to this bill for the purpose of form.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3536, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3536, H.D. 2.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 757-88 Judiciary on H.B. No. 2268

The purpose of this bill is to direct and authorize the Department of Health to establish rules to implement the statutory provisions relating to informed consent for testing for the presence of the human immunodeficiency virus (HIV) and for the disclosure of the test results.

A representative from the Department of Health testified that the Department would be able to use its expertise to clarify ambiguities in the statutory language of the informed consent provisions.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2268 and recommends that it pass Third Reading.

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

SCRep. 758-88 Judiciary on H.B. No. 3454

The purpose of this bill is to provide enabling legislation for the State to receive authorization from the Environmental Protection Agency (hereinafter EPA) to adopt, administer, and enforce a preventative and regulatory hazardous waste management program pursuant to the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA).

This bill establishes a state policy giving priority to programs that provide:

- (1) Technical assistance to generators on the proper handling of hazardous materials;
- (2) Public education regarding recognition and disposal of hazardous waste;

(3) Preferred methods of handling hazardous materials to be used as a last resort when other methods become ineffective or unavailable; and

(4) Coordination of hazardous waste disposal efforts of the various counties.

These policies are to be promoted by programs that provide technical assistance to generators and public education intended to increase awareness and understanding of hazardous materials and their disposal.

Currently, the State's hazardous waste program is administered through the Department of Health under the direction and guidance of the EPA pursuant to a cooperative agreement. This bill will provide the Department of Health with the basic statutory framework upon which to develop a state-run program with rules and capabilities that meet the minimum federal criteria for a fully-authorized state hazardous waste program under RCRA. The Department of Health is currently developing program rules and submitting other required information to the EPA as part of the application process and is projecting final authorization by October 30, 1989.

Your Committee has received testimony from the Department of Health, the Department of Business and Economic Development, and the Board of Water Supply of the City and County of Honolulu, supporting this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3454, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 759-88 Judiciary on H.B. No. 2387

The purpose of this bill is to establish a minimum fine for any person who intentionally brings into the State a prohibited animal.

The environment and native animals of Hawaii have been severely damaged by the introduction of many foreign species. The State has therefore passed laws forbidding the importation of certain species which are considered to pose further threats to our native wildlife or environment.

Your Committee finds that it is important that prohibited animals be prevented from entering the State. Your Committee has therefore concluded that a minimum fine should be established as a deterrent against the importation of prohibited animals.

Your Committee has made non-substantive changes for purposes of form.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2387, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2387, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 760-88 Judiciary on H.B. No. 2069

The purpose of this bill is to require the counties to make resort developers provide services, facilities, and programs to mitigate the needs created by major new development projects as a condition to grant permission to proceed with development. Where appropriate, such services, facilities, and programs shall provide affordable housing for employees of such developments. Moreover, this bill provides for a transition period between the date this act is enacted and the date that the respective county planning agencies approve rules pursuant to this bill during which action on applications for development submitted will be suspended in order to make the newly required rules applicable to those applications.

Your Committee finds that these provisions will help meet the need for additional infrastructure and social programs brought about by the creation of large developments.

Your Committee has received favorable testimony from the State Department of Business and Economic Development and the Honolulu Department of Housing and Community Development.

The bill was amended to correct certain typographic, technical, and stylistic errors; no substantive changes were made.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2069, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2069, H.D. 2.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 761-88 Judiciary on H.B. No. 2421

The purpose of this bill is to include state leases of property for hotel uses as an additional type of state property leases for which the Board of Land and Natural Resources has the statutory authority to amend the uses and restrictions and to require public notice, a public hearing and the concurrence of two-thirds of the Board before any amendment to a state lease.

Your Committee finds that certain leases of public lands for hotel uses, which were in effect for twenty years or more, may contain specific provisions for land uses or restrictions which are no longer consistent with current county ordinances or with state land use policies. Such outdated provisions may impose hardships on the lessees under these leases.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2421, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 762-88 Judiciary on H.B. No. 3584

The purpose of this bill is to amend Section 383-141, Hawaii Revised Statutes, to conform to changes in the Hawaii Penal Code relating to felony and misdemeanor theft.

Under the present law, an individual is charged with a Class C felony if the value of unemployment insurance benefits obtained fraudulently is \$200 or more. This provision was consistent with the Hawaii Penal Code classification of felony theft until Act 314 (S.L.H. 1986) amended its provisions effective January 1, 1987, such that, to be considered a Class C felony, the value of property or services must exceed \$300.

Your Committee has received favorable testimony from the State Department of Labor and Industrial Relations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3584 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 763-88 Judiciary on H.B. No. 2271

The purpose of House Bill No. 2271 is to amend three portions of the Hawaii Revised Statutes as follows: 1) Section 205A-44, to include dead coral or coral rubble, deletes the prohibition for taking various marine deposits seaward of the shoreline, limits taking of materials to one gallon per person per day, removes reference to certain beaches for sand replenishment, permits beach cleaning for state and county maintenance purposes, stipulates that no Environmental Impact Statement will be required for maintenance or cleaning activities; 2) Chapter 171, to prohibit the taking of sand, dead coral, coral rubble, rocks, soil or marine deposits seaward from the shoreline except with a permit from the Board of Land and Natural Resources, providing that no permits are issued for Hakipu'u sandbar; and 3) to repeal Section 7-3 since the provisions are more fully covered under Section 205A-44.

In testimony before your Committee, the Environmental Center of the University of Hawaii at Manoa expressed concerns about amendments which would remove the limitations on sand beach replenishment to public beaches.

Your Committee wants to address the concerns of all parties to this measure to provide for beach replenishment and protection above and below the vegetation line, and to provide for harbors, lagoons, navigational channel and boat launching ramp construction and maintenance with state approval.

Your Committee has accordingly amended the bill to remove the sections that would require an environmental assessment pursuant to chapter 34 to determine whether removing sand or coral rubble under this section is declared exempt.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2271, H.D. 1., as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2271, H.D. 2.

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

SCRep. 764-88 Judiciary on H.B. No. 2085

The purpose of this bill is to increase the maximum payment for replacement housing to homeowners and residential tenants displaced by State action.

Current law provides for a maximum payment of \$5,000 to a displaced homeowner and \$1,500 to a displaced tenant. This bill proposes to increase those amounts to \$15,000 and \$4,000 respectively.

Your Committee finds that this bill will bring State law into conformance with federal law and provide for more equitable compensation for those who are displaced.

Your Committee received testimony in support of the bill from Honolulu City Council and from the Department of Housing and Community Development of the City and County of Honolulu. Testimony indicated that this bill will update allowable replacement housing payments so that actual payments may be in line with current housing costs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2085 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 765-88 Judiciary on H.B. No. 2352

The purpose of this bill is to ensure that the rebuilding of salvage vehicles is conducted by motor vehicle repair dealers and mechanics who are bonded in accordance with Section 437B-26, Hawaii Revised Statutes.

Current law designates that repair dealers involved in the rebuilding or restoration of salvaged vehicles, although required to be registered or certified, need not be bonded. Mechanics also need not be bonded or employed by bonded and registered or certified motor vehicle repair dealers.

Your Committee believes that both repair dealers and mechanics should be bonded, and that mechanics be employed by bonded, and registered or certified motor vehicle repair dealers.

Testimony received from the Motor Vehicle Repair Board supports this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2352 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 766-88 Judiciary on H.B. No. 3535

The purpose of this bill is to authorize a law enforcement officer to request that a person suspected of operating an aircraft while under the influence of alcohol be tested by either a breath test, blood test, or both.

Section 263-11, Hawaii Revised Statutes, makes it unlawful for any person to operate an aircraft while under the influence of intoxicating liquor. The bill's provisions mandate guidelines for enforcing this prohibition and will thereby help to increase the level of aviation safety for aircraft operators and passengers. Similar guidelines exist for enforcing the prohibition against operating a motor vehicle under the influence of alcohol.

Your Committee heard testimony in support of this bill from a representative of the Department of Transportation. According to the Department's testimony, the Federal Aviation Administration recommends that four-hundredths per cent or more by weight in a defendant's blood should be the minimum statutory level of alcohol content providing competent evidence of the influence of intoxicating liquor. The bill had proposed the same level of alcohol content as for testing drivers of motor vehicles.

Your Committee has amended the bill by changing the proposed level of alcohol content from ten-hundredths to four-hundredths per cent and making other changes to be consistent with this amendment.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3535, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3535, H.D. 1.

Signed by all members of the Committee.

SCRep. 767-88 Judiciary on H.B. No. 2090 (Majority)

The purpose of this bill is to encourage compliance with Hawaii's mandatory seat belt laws by increasing the fines for noncompliance imposed under Section 291-11.6, HRS.

Your Committee recognizes that the use of seat belts reduces the possibility of injuries and deaths in traffic accidents and encourages all motorists to use them. This bill seeks to increase fines for violations of the mandatory seat belt law from \$15.00 to \$30.00 for a first offense and \$60.00 for subsequent violations.

Your Committee received testimony from representatives of the Department of Transportation, the Hawaii Coalition for Safety Belts, and Mothers Against Drunk Driving. Testimony indicated that seat belt usage in Hawaii has decreased and that the decline may be attributable to the low cost of the fine used to enforce the statute.

Your Committee finds that seat belts prevent injuries and this measure will promote wider use of seat belts.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2090, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 768-88 Judiciary on H.B. No. 3466

The purpose of this bill is to establish criminal penalties for negligent and knowing violations of water pollution control rules, permit conditions, and pretreatment requirements.

You Committee received testimony in support of this bill from the Department of Health.

Your Committee finds that this bill will provide consistency with the requirements mandated by the Federal Water Quality Act of 1987 pursuant to efforts by the State Department of Health to redelegate the National Pollutant Discharge Elimination System program from the U.S. Environmental Protection Agency.

Upon further consideration, your Committee has amended this bill to remove criminal penalties from those whose violation is negligent and who are not acting knowingly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3466, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3466, H.D. 1.

Signed by all members of the Committee.

SCRep. 769-88 Judiciary on H.B. No. 2715

The purpose of this bill is to provide for the election of one voting student member of the board of education.

Under the provisions contained in this bill, the student member would be elected by a statewide caucus comprised of three elected student representatives from each public high school.

Your Committee finds that inasmuch as the student population is the focus of the board's concerns, it is not inappropriate that a representative of this population sit as a voting member of the board of education.

Your Committee received testimony in support of this bill from several members of the Hawaii State Student Council. Testimony in opposition to the bill was received from the board of education.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2715, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 770-88 Judiciary on H.B. No. 2688

The purpose of this bill is to amend Article X, Section 2 of the State Constitution to provide for the election of one voting student member on the board of education.

Your Committee received testimony in support of H.B. No. 2688, H.D. 1, from several representatives of the Hawaii State Student Council. Testimony in opposition to the bill was received from the board of education.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2688, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 771-88 Judiciary on H.B. No. 2047 (Majority)

The purpose of this bill is to promote the public health by prohibiting the distribution of free tobacco products.

This bill would impose fines for violations of the proposed provisions.

The Surgeon General's warning that "cigarette smoking is the single most important cause of death" has found wide acceptance in the medical community.

Your Committee further notes that the courts have determined that state statutes such as proposed in H.B. No. 2047, H.D. 1, are not in violation of the Federal Constitution.

Your Committee received testimony in support of this bill from the State Department of Health, the American Cancer Society, the American Lung Association, and the Hawaii Nurses' Association. Testimony in opposition to the bill was received from representatives of the Tobacco Institute of Hawaii.

Your Committee has made nonsubstantive amendments in the bill for purposes of form and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2047, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2047, H.D. 2.

Signed by all members of the Committee except Representative Yoshimura.
(Representative Shito did not concur.)

SCRep. 772-88 Judiciary on H.B. No. 2083

The purpose of this bill is to increase the amount of compensation paid to persons displaced by state action from \$200 to \$300 for moving expenses and from \$100 to \$200 as a dislocation allowance, respectively.

Your Committee has received favorable testimony from the State Department of Business and Economic Development and the Department of Housing and Community Development of the City and County of Honolulu indicating that the proposed increases will make the compensation paid to displaced persons in Hawaii consistent with that allowed in federal relocation programs. Moreover, testimony indicated that the proposed compensation is more equitable.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2083 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 773-88 Judiciary on H.B. No. 2743

The purpose of this bill is to include testing the drug content, in addition to the alcohol content, in the blood of a driver of a motor vehicle or moped who is suspected of driving under the influence of drugs or alcohol.

Under present law, any operator of a motor vehicle or moped is deemed to have given implied consent to the testing of breath or blood in determining alcoholic content when a police officer has reasonable grounds to believe that the operator is under the influence of intoxicating liquor. Your Committee believes that it is necessary to include testing for drug content, in addition to alcohol content, of motor vehicle or moped operators suspected of driving under the influence of drugs or alcohol.

Your Committee recognizes the dangers created by the operation of a motor vehicle or moped by an operator who is under the influence of intoxicating liquor or drugs. Your Committee, however, does not intend that the mere presence of drugs in an operator's body system be considered evidence any more probative or any less prejudicial on account of the bill's provisions. Your Committee has this concern about the evidentiary implications due to the absence of a statutory standard of drug content which is deemed to be probative evidence of the influence of drugs.

Your Committee has amended the bill by deleting a urine test as one of the tests which may be administered. The bill was amended to include testing for the metabolic products of drugs in the implied consent provision. The definition of "authorized persons" in Section 286-154, Hawaii Revised Statutes, was amended to include persons authorized to analyze blood specimens for alcohol and drugs since the person authorized to draw blood may not be the same person who does the analyses. Your Committee has made other nonsubstantive amendments for the purpose of clarity, consistency and form in the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2743, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2743, H.D. 2.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 774-88 Judiciary on H.B. No. 2067

The purpose of this bill is to prohibit the taking of live stony corals of the order Madreporaria including the families Fungidae, Pocilloporidae, and other live stony corals. Exceptions to this prohibition are limited to taking, by permit, for educational or conservation purposes. The bill also increases the penalty for violations from \$25 to \$100.

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

Your Committee has amended this bill by correcting the spelling of Fungidae.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2067, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2067, H.D. 2.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 775-88 Judiciary on H.B. No. 2162

The purpose of this bill is to prohibit the storage, parking, mooring, displaying or placing of any thing or personal property on or at Waikiki Beach for the purpose of engaging, conducting, transacting or soliciting business of any kind. The bill allows for outrigger canoes and sailing catamarans, registered under the Department of Transportation, to be placed below the mean high water mark.

Your Committee received testimony from a representative of the Waikiki Beach Services, Inc. indicating that this measure will remove possible regulatory threats to the canoes and catamarans which are considered to be integral parts of Waikiki Beach which is a major tourist attraction.

Your Committee finds that these boats will still be able to use the beach since they will be permitted below the mean high water mark.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2162 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 776-88 Judiciary on H.B. No. 2426

The purpose of this bill is to repeal Part VII and Part VIII of Chapter 322, Hawaii Revised Statutes, requiring pigeon and aviary game bird owners to obtain permits from the Department of Health (Department).

Your Committee received testimony in support of the bill from a representative of the Department indicating that no public health reason exists for these permit requirements, since carrier pigeons and aviary game birds are generally well maintained by their owners. The Department has ample authority to enforce sanitation requirements necessary for the public health through its departmental administrative rules concerning animal enclosures.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2426 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 777-88 Judiciary on H.B. No. 2231

The purpose of this bill is to provide the State Department of Transportation and the counties the authority to prohibit or restrict the stopping, standing, or parking of vehicles on sidewalks within their respective jurisdictions.

There are many older neighborhoods in the State which were established before present zoning laws went into effect. The streets in these neighborhoods are often narrow, without clearly defined sidewalk areas. The Hawaii Revised Statutes presently defines sidewalks as that portion of a street between the curb lines or the lateral lines of a roadway and the adjacent property lines, intended for the use of pedestrians. Thus, the unimproved shoulder of a roadway would fall under the definition of a sidewalk. Residents of many neighborhoods presently park their vehicles along the unimproved sides of the streets and are often cited by the police for parking on the sidewalks.

Your Committee finds that current laws which prohibit parking on sidewalk areas do not take into account those areas with unimproved shoulder areas that are not clearly defined.

This bill will allow the State and counties to decide where sidewalk parking is reasonable thereby alleviating the need for parking space in certain areas.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2231, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 778-88 Judiciary on H.B. No. 2255

The purpose of this bill is to repeal Act 38, Session Laws of Hawaii 1984, which allows the transfer of park lands between the State and City and County of Honolulu.

Under Act 38, only the transfer of park lands and related improvements are authorized, but not the transfer of personnel, equipment and functions. Act 335, Session Laws of Hawaii 1987, broadened the authority to include the transfer of personnel, equipment and functions. Act 38 is, therefore, in conflict with Act 335 and should be repealed.

Your Committee received testimony in favor of the bill from the Department of Land and Natural Resources.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2255 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 779-88 Judiciary on H.B. No. 2209

The purpose of this bill is to allow the City Council of the City and County of Honolulu to establish maintenance assessment districts to ensure the maintenance of public facilities improvements.

Representatives from the Department of Transportation Services of the City and County of Honolulu and the Waikiki Improvement Association presented testimony in support of this bill. The testimony noted that the State and City and County of Honolulu has spent large amounts of money on infrastructure improvements on the Island of Oahu, and that the establishment of maintenance assessment districts would ensure the maintenance of these improvements. In particular, the Kalakaua Avenue safety and beautification project and the Fort Street Mall project are two improvement projects which this bill will address in terms of maintenance planning and assessments in the near future.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2209 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 780-88 Judiciary on H.B. No. 2214

The purpose of this bill is to amend Section 290-2, Hawaii Revised Statutes, to allow each county to dispose of unclaimed abandoned vehicles within a reasonable amount of time after being towed.

Under present law the counties are required to notify the legal and registered owner of a vehicle which has been cited as having been abandoned, that if the vehicle is not repossessed within twenty days, the vehicle will be disposed of. This bill seeks to decrease the amount of time prior to vehicle disposition from twenty days to ten calendar days.

The Department of Finance of the City and County of Honolulu testified in favor of this bill. Testimony indicated that all of the abandoned vehicles claimed after being towed over the past two years were claimed within five days after being towed. The remainder of the vehicles, which were eventually sold at public auctions, were held at the contractors' storage yards for an average of fifty days.

Your Committee finds that decreasing the number of days within which owners can claim their vehicles, will alleviate the lack of abandoned vehicle storage areas facing many of the county's towing contractors, and at the same time will allow the public adequate time to claim a vehicle before it is auctioned off.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2214 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 781-88 Judiciary on H.B. No. 2154

The purpose of this bill is to provide stockholders of cooperative housing corporations the ability to resolve disputes through arbitration.

Your Committee has received testimony from Hawaii Independent Condo and Coop Owners, the Condo/Coop Owners Panel, and citizens indicating that litigation is costly and time-consuming, and that the ninety day arbitration period is reasonable.

Your Committee finds that this bill will facilitate dispute resolution for those who own shares in cooperative housing corporations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2154 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 782-88 Judiciary on H.B. No. 2084

The purpose of this bill is to allow the issuance of driver's licenses valid for four years to persons eighteen to twenty-four years of age and to persons sixty-five years of age or older. This bill also specifies that persons fifteen to seventeen years of age who have satisfied the requirements of sections 286-108 and 286-109 may be granted a special license that shall be valid for two years.

Your Committee received testimony in support of the bill from the Department of Finance of the City and County of Honolulu, the Executive Office on Aging, and the Department of Transportation.

Currently persons from fifteen through twenty-four years of age or sixty-five years of age or older are issued a two-year driver's license. Testimony indicated that the more frequent driver's license renewal required of persons eighteen to twenty-four years of age and persons sixty-five years of age or older does not change driving habits and therefore does not lower accident rates. Furthermore, since statistics indicate that drivers in the sixty-five-and-over age group have the lowest accident involvement index and this same age group has a license examination pass rate close to 100 percent, it is unnecessary to require persons sixty-five years of age or older to renew their driver's licenses on a biennial basis.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2084 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 783-88 Judiciary on H.B. No. 3151

The purpose of this bill is to optimize quality assurance of all HIV testing in the State by standardizing HIV testing and by requiring that all final confirmatory testing for the presence of HIV be done by the State laboratory.

The Department of Health ("Department") and the Hemophilia Foundation of Hawaii both testified in favor of this measure. The Department pointed out that the State laboratory is already mandated to perform serological confirmation of measles and rubella.

Your Committee, aware of the extreme seriousness of the AIDS outbreak and the repercussions to those who test positive, finds that consistency in testing is critical and that the Department is best equipped to carry out these confirmatory tests.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3151 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 784-88 Judiciary on H.B. No. 2344

The purpose of this bill, as received by your Committee, is to direct and authorize the Director of Human Services to implement all provisions of Section 347-13, Hawaii Revised Statutes, and to provide that violation of that section will be a misdemeanor as well as subject to a fine. Section 347-13 sets forth the rights of the physically handicapped to full and equal access to all places and conveyances which are available to the general public.

Your Committee recognizes the significance of the rights of the physically handicapped which are set forth in Section 347-13. Your Committee, however, believes that a civil fine is the appropriate and sufficient sanction for violations of these rights and that generally criminal liability should not be imposed for a regulatory violation unless the violation is based on culpability in its commission. Furthermore, your Committee finds that the implementation of Section 347-13 should be primarily governed by the statute itself, instead of in administrative regulations, and that provisions for implementation should, therefore, be established through the legislative process.

Your Committee has accordingly amended the bill by removing the proposed provision to make a violation of Section 347-13 a misdemeanor and by removing the criminal sanction of imprisonment for such violation. Your Committee has further amended the bill by removing the bill's proposal to have the Director of Human Services establish regulations to implement all provisions of Section 347-13 and has left the original statutory language providing for the Director's rulemaking authority to implement the specific subsection of the statute.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2344, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2344, H.D. 1.

Signed by all members of the Committee.

SCRep. 785-88 Judiciary on H.B. No. 3380

The purpose of this bill is to remove the statutory requirement for an owners's duplicate transfer certificate of title to be presented when registering any deed, mortgage, lease, or other voluntary instrument.

Your Committee believes that eliminating the requirement for the owner's duplicate certificate of title will reduce delays and decrease paperwork without adversely affecting the Land Court system.

Your Committee has made certain amendments to the bill which were recommended in the testimony of the Department of Land and Natural Resources. These amendments consisted of deleting Section 501-137, Hawaii Revised Statutes, which relates primarily to the requirement for the owner's duplicate certificate of title, and by amending Sections 501-84 and 501-218 to remove the provisions relating to the requirement instead of repealing these sections.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3380, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3380, H.D. 1.

Signed by all members of the Committee.

SCRep. 786-88 Judiciary on H.B. No. 2078

The purpose of this bill is to permit the counties to adopt reasonable standards to administer the ohana zoning mandate in accordance with planning and zoning policies, and to provide specific requirements for ohana zoning permits which must be met by the counties and the person applying for the permit.

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.

The bill further provides that the entire section on county zoning, including the ohana zoning provisions, does not supersede any "recorded" covenant or deed restriction rather than "private" covenant or deed restriction.

While the ohana provisions have generally proven successful, some permits have been granted and units built in areas where private covenants against such increased density exist. This bill will not only prohibit this occurrence, but will also establish a publication requirement which will provide notification to all those who might be affected by the granting of a ohana zoning permit.

Your Committee is aware that many people choose the neighborhood in which they want to live in. If ohana zoning were permitted in a neighborhood where restrictive covenants limiting density exist, these covenants would essentially become meaningless.

The bill additionally changes the notice requirement from three times to two times.

Your Committee received testimony in support of this bill from a member of the Manoa Neighborhood Board No. 7.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2078, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 787-88 Judiciary on H.B. No. 2268

The purpose of this bill is to direct and authorize the Department of Health to establish rules to implement the statutory provisions relating to informed consent for testing for the presence of the human immunodeficiency virus (HIV) and for the disclosure of the test results.

A representative from the Department of Health testified that the Department would be able to use its expertise to clarify ambiguities in the statutory language of the informed consent provisions.

Your Committee has amended the bill to incorporate certain amendments suggested in testimony. Representatives from the American Civil Liberties Union of Hawaii and the Life Foundation proposed amendments to certain statutory exceptions to the requirement of a patient's informed consent to testing. In particular, your Committee has amended the bill to propose, as the basis for one existing exception, objective language about physical inability in place of the subjective language about imminent jeopardy which is difficult to apply. Furthermore, your Committee has repealed the exception which applies when the health and safety of a health care provider is in imminent jeopardy due to exposure to a patient's body fluids. This exception is unnecessary since testing of the health care provider, not of the unconsenting patient, is more appropriate in those cases.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2268, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2268, H.D. 1.

Signed by all members of the Committee except Representative Jones.

SCRep. 788-88 Judiciary on H.B. No. 2091

The purpose of this bill is to exclude "for hire" and type I school buses from the exceptions to the statutory requirement for the use of an approved method of restraint on any child under four years of age who is being transported in a motor vehicle. The bill also provides for the definitions of certain terms used in this section.

Your Committee finds that the provisions of this bill is consistent with the purpose of the child passenger restraint law of protecting young children being transported in motor vehicles. Furthermore, the bill's provision of definitions for certain terms would help to clarify the statute.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2091, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 789-88 Judiciary on H.B. No. 3537

The purpose of this bill is to ensure that the general penalty provisions in HRS Section 261-21 do not conflict with specific penalties provided for in other sections of Chapter 261, and to allow administrative rules to apply to all persons and activities on airport premises.

Under current law administrative rules do not specifically regulate matters relating to health, safety, and welfare of airport administration and maintenance personnel, security, and other persons who may not be considered as general public.

Your Committee has received testimony from the Department of Transportation in favor of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3537 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 790-88 Judiciary on H.B. No. 2049

The purpose of this bill is to amend Section 13-3, HRS, to provide for the election of Board of Education members through a system of primary and general elections, while retaining the nonpartisan character of the elections.

Your Committee believes that it is desirable that the people of Hawaii preserve and protect their ability to make informed choices among the field of candidates for the Board of Education. This bill would establish a system of primary elections to elect board members from the candidates selected in the primary. This would reduce the number of candidates in the general election and give the voters a better chance to learn about such candidate's position on educational issues.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2049 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 791-88 Judiciary on H.B. No. 1291

The purpose of this bill is to provide greater safety on Hawaii's highways by requiring the respective county examiner of drivers to revoke the driving privilege of drivers who have been found to be driving under the influence of alcohol or who refuse to submit to a blood alcohol test, and by guarding against erroneous deprivation of a driving privilege. Specifically, this bill would establish an administrative method for revocation of drivers' licenses as well as procedures for administrative review of such revocations.

Your Committee received testimony in favor of this bill from the Honolulu Police Department.

Your Committee feels strongly that drivers who drive under the influence of alcohol have an alcohol dependency problem which must be addressed before the person is allowed to drive again. By providing a method to quickly revoke such a person's driver's license, this bill will help prevent many repeat offenses of drunk driving.

Upon further consideration, your Committee has amended this bill by restructuring its provisions into a new part to be added to chapter 286. Your Committee has further amended the bill to insure that any sentence for a violation of section 291-4 which includes connection of an ignition interlock system will supersede any license revocation under this new part.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1291, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1291, H.D. 2.

Signed by all members of the Committee except Representative Takamine.

SCRep. 792-88 Judiciary on H.B. No. 2501

The purpose of this bill is to require the Director of Health to adopt rules to require all diesel buses larger than twenty-five feet in length and weighing more than twenty thousand pounds gross weight to install and use exhaust systems which route the smoke emissions to levels above the roof of such buses.

Your Committee has received testimony indicating that the proposed changes will lessen the amount of exhaust fumes passengers and other motorists are exposed to.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2501 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 793-88 Judiciary on H.B. No. 2346

The purpose of this bill is to ensure that habitable buildings such as a hotel, boardinghouse, lodging, or tenement house is not prevented from obtaining licenses on the basis of conflicting or incorrect interpretations of recent amendments to the laws regulating those licenses. This bill further provides that those hotels, boarding houses, lodging, or tenements licensed prior to the effective date of Section 445-90, be "grandfathered" into this section.

Your Committee received testimony in favor of this bill from the Department of Health and Hei Wai Wong who operates a rooming house.

The Department of Health stated that in inspecting habitable buildings for compliance with health and sanitation requirements it has not applied more stringent requirements than were previously applied to any of these buildings. The Department has not raised the health standards thereby making it difficult or impossible for existing habitable buildings to obtain a certificate. The problem is with the definition of these habitable buildings that is contained in Section 445-90, Hawaii Revised Statutes. Prior to the enactment of Section 445-90 there were no limits on the number of habitable rooms within a tenement house. After the enactment of Section 445-90, no tenement house could have more than nine rooms.

Because of this new definition, and not because of public health violations, certificates were not issued to any existing tenement house with more than nine rooms.

Your Committee made the following amendments to this bill:

- (a) Section 2 of this bill was amended to reflect that Act 149, Session Laws of Hawaii 1986, was inserted into the Hawaii Revised Statutes. The new section was amended to clarify the intent of this bill.
- (b) Section 3 of this bill was deleted.
- (c) Section 4 of this bill was deleted.
- (d) Section 5 of this bill was deleted.
- (e) Section 6 of this bill was deleted and in its place the correct Ramseyer statement was inserted and renamed section 3 of this bill.
- (f) Section 7 of this bill was renamed section 4.
- (g) To amend technical drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2346, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2346, H.D. 2.

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

SCRep. 794-88 Judiciary on H.B. No. 3454

The purpose of this bill is to provide enabling legislation for the State to receive authorization from the Environmental Protection Agency (hereinafter EPA) to adopt, administer, and enforce a preventative and regulatory hazardous waste management program pursuant to the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA).

This bill establishes a state policy giving priority to programs that provide:

- (1) Technical assistance to generators on the proper handling of hazardous materials;
- (2) Public education regarding recognition and disposal of hazardous waste;
- (3) Preferred methods of handling hazardous materials to be used as a last resort when other methods become ineffective or unavailable; and
- (4) Coordination of hazardous waste disposal efforts of the various counties.

These policies are to be promoted by programs that provide technical assistance to generators and public education intended to increase awareness and understanding of hazardous materials and their disposal.

Currently, the State's hazardous waste program is administered through the Department of Health under the direction and guidance of the EPA pursuant to a cooperative agreement. This bill will provide the Department of Health with the basic statutory framework upon which to develop a state-run program with rules and capabilities that meet the minimum federal criteria for a fully-authorized state hazardous waste program under RCRA. The Department of Health is currently developing program rules and submitting other required information to the EPA as part of the application process and is projecting final authorization by October 30, 1989.

Your Committee has received testimony from the Department of Health, the Department of Business and Economic Development, and the Board of Water Supply of the City and County of Honolulu, supporting this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3454, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 795-88 Judiciary on H.B. No. 2201

The purpose of this bill is to amend Chapter 321, of the Hawaii Revised Statutes, to require applicants for any federal permit needed for genetic modification of organisms to submit one copy of the application to the Department of Health, and to amend Section 321-11 to make genetically modified organisms subject to departmental health rules.

Your Committee has received favorable testimony indicating that this bill will allow the State Department of Health to monitor research in the field of genetic engineering. Your Committee finds that the notification requirement would not be an unduly burdensome imposition upon applicants.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2201, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 796-88 Judiciary on H.B. No. 2195

The purpose of this bill is to declare that any restrictive covenant which prevents or restricts the establishment of facilities licensed by the State as an adult residential care home, intermediate care facility/mental retardation-community, or special treatment facility shall be void and unenforceable as to such community residence.

Your Committee received unanimous testimonies in support of this bill from the Department of Health, the Commission on the Handicapped, the Executive Office on Aging, the Department of Housing and Community Development and the Department of Land Utilization of the City and County of Honolulu, and other agencies and individuals.

Your Committee finds that the development of community-based residential settings has been restricted from many areas within the State because of restrictive covenants on leasehold land which prohibit the establishment of such facilities. This has resulted in a disproportionately large number of group living facilities in a small number of communities. This bill will ensure that group living facilities are dispersed fairly in every community.

Your Committee has amended the bill to specify that it applies only to covenants which restrict the establishment of residential care homes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2195, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2195, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 797-88 Judiciary on H.B. No. 2204

The purpose of this bill as received by your Committee is to repeal Chapter 206, HRS, entitled "Oahu Land Development."

Chapter 206, HRS, was enacted in 1961 under Act 6, to provide for the development of lands for residential uses and other related facilities and for the purchase or condemnation of private property in connection therewith on the island of Oahu. The law was enacted primarily to alleviate the then existing critical shortage of residential fee simple property on the island of Oahu.

Your Committee received testimony from the Department of Land and Natural Resources, and is in agreement that this law has never been implemented nor is it anticipated to be implemented.

In testimony before your Committee, the State Housing Finance and Development Corporation indicated that if granted the authority to enforce Chapter 206, HRS, it would exercise this authority.

Your Committee has therefore amended the bill to provide that this authority be accorded the Housing Finance and Development Corporation.

Your Committee has further amended the bill by deleting Section 1 which does not conform with the proposed new provision.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2204, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2204, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 798-88 Judiciary on H.B. No. 3541

The purpose of this bill is to establish rules and penalties for operating a vessel under the influence of alcohol similar to those presently in effect for the operation of a motor vehicle under the influence of alcohol.

Under Hawaii Administrative Rules, no person may operate a vessel while under the influence of alcohol. There is, however, no statutory provision which sets forth any criteria establishing guidelines for levels of intoxication or appropriate penalties for this offense. This bill would provide the same guidelines for enforcement as presently exist for operations of a motor vehicle under the influence of alcohol.

Your Committee received testimony in support of this bill from the Department of Transportation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3541 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 799-88 Judiciary on H.B. No. 2253

The purpose of this bill is to provide for the retention of records relating to vandalism of school facilities. In cases of vandalism, when the pupil and parent or guardian do not agree with the principal on restitution, then current law requires the principal to report to the appropriate district superintendent. This bill would require that principals submit all records and documents regarding investigations and conferences related to the vandalism to the appropriate district superintendent.

Your Committee has received testimony from the Department of Education supporting this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2253 and recommends that it pass Third Reading.

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

SCRep. 800-88 Judiciary on H.B. No. 3545

The purpose of this bill is to provide for a presumption of receipt of notice of cancellation, suspension, or revocation of a driver's license when the notice is mailed to the address recorded by the examiner of drivers by certified mail, return receipt requested.

The address recorded by the examiner of drivers is considered the current address of the licensee and the licensee has a legal obligation to notify the driver licensing office of any change of address. Your Committee finds that failure to receive the notice because of refusal of service or because the licensee is not in residence should not be used to render the notice invalid.

Your Committee on Judiciary has received testimony from the Department of Transportation in favor of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3545 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 801-88 Judiciary on H.B. No. 3446

The purpose of this bill is to provide procedures to issue special permits for the possession, transportation and use of firearms with blank cartridges in the State as film props.

Your Committee heard testimony in support of this bill. Testimony indicated that by allowing motion picture and television production personnel to apply for special permits to use firearms for props, this may discourage attempts by producers to bring in unauthorized firearms for this purpose. Furthermore, the special permit process may help to facilitate the State's efforts to promote and develop the film industry in the State.

Your Committee has amended the bill by providing that the chiefs of police of the counties, instead of the Attorney General, will administer the permit process since they have the statutory authority and the procedures already established for the issuance of permits to own firearms and licenses to carry firearms. The bill was amended to allow the chiefs of police to charge a fee of \$10 for the issuance of each special permit which is consistent with the charge for the issuance of a license to carry a firearm. Your Committee has further amended the bill by making 21 years the minimum age of persons who can receive the special permits in order to be consistent with federal firearms regulations as indicated in the testimony. Your Committee 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. 3446, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3446, H.D. 2.

Signed by all members of the Committee.

SCRep. 802-88 Judiciary on H.B. No. 3585

The purpose of this bill is to increase the penalties in the workers' compensation law to facilitate its compliance.

Your Committee finds that increased penalties would provide a greater deterrent to employers' avoidance of complying with the worker's compensation law.

Your Committee has made technical, nonsubstantive amendments to the bill for purposes of complying with format requirements.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3585, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3585, H.D. 2.

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

SCRep. 803-88 Judiciary on H.B. No. 3511

The purpose of this bill is, for the purpose of uniformity in enforcement, to combine provisions relating to unlawful suspension, discharge, or discrimination of workers who have suffered injuries under the worker's compensation law into one chapter.

The laws prohibiting unlawful suspension, discharge, and discrimination of workers who are injured on the job are currently being enforced under provisions contained in Chapter 378, Hawaii Revised Statutes, relating to employment practices, which is administered by the Enforcement Division, and in Chapter 386 relating to worker's compensation, which is administered by the Disability Compensation Division. Both divisions are located in the Department of Labor and Industrial Relations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3511, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 804-88 Judiciary on H.B. No. 2048

The purpose of this bill is to extend the protections from unwanted smoke afforded public employees to those working in organizations receiving purchase of service or grant in aid funds from the State.

Your Committee finds that organizations receiving purchase of service or grant in aid funds are a vital extension of our government service system, and their workers deserve the same considerations as do those working within established government offices.

Your Committee has amended this bill by removing the proposed changes to Section 328K-13, Hawaii Revised Statutes, which mandates that state employers shall have a written smoking policy which contains certain provisions and requirements to provide for the reasonable accommodation of nonsmoking employees. Your Committee finds that the proposed changes to that statute can be construed to allow one nonsmoking employee or a small minority to be entitled to a nonsmoking work environment. Your Committee believes that the current Section 328K-13, enacted in 1987, is more fair because it requires a simple majority of nonsmokers to be entitled to a nonsmoking work environment. Your Committee has also added a definition of "bar" in Chapter 328 which relates to smoking in public places.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2048, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2048, H.D. 2.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 805-88 Tourism and Finance on H.B. No. 3396

The purpose of this bill, and as amended herein, is to select a convention center site and to provide for the development of the improvements on the site.

Hawaii's visitor industry vitally touches and concerns every citizen in this State in various and sundry ways. It is thus in the public interest to ensure the proper growth and desired quality for this industry. Testimony received by your Committee on Tourism at all of the hearings on the several proposed sites have acknowledged that the visitor industry would be enhanced by the establishment of a world class convention center which is properly sited, developed, managed, and operated.

While there is general agreement as to the need for convention center, there have been diverse views expressed as to where the convention center should be located. Your Committee on Tourism has examined several locations including Magic Island, Kakaako, Fort DeRussy, the Zoo and Jefferson School as potential sites and all of these sites mentioned have been found lacking in the totality of site selection ingredients necessary to support a final designation. Through the process of examining the several sites, your Committees have determined that the site should be located in Waikiki, more particularly at either the International Market Place site or the Magoon Estate site.

The selection of a convention center site is a difficult task. Every site examined had many desirable features to commend it. Every site examined had its shortcomings to fault it. So many objective criteria and so many subjective considerations enter into the selection process in various ways and in differing degrees such that any final selection could, in one sense, be an arbitrary one. However that may be, your Committees believe that a convention center at the International Market Place site or the Magoon Estate site is well reasoned and supported.

Your Committees find that Waikiki is one of the most valuable areas in this State because of its importance to the tourism industry. Waikiki has been synonymous with paradise to the tourist, but development in the Waikiki area has been uncohesive, the quality has been largely dependent on the themes of individual developers, and the residential areas, over shadowed by the commercial development activity, have been neglected. As a result, certain sections of Waikiki remain blighted and in need of renovation and redevelopment. Indeed, the convention center could be the needed catalyst for the redevelopment of Waikiki and serve as a well-designed comprehensive frame work of the model urban center Hawaii desires and needs in Waikiki.

The apparent but important factors also support the convention center site to be located in Waikiki. Waikiki is the hub of the visitor industry. A convention center in Waikiki would be within a one-half mile radius of over 16,000 hotel rooms. Access to the convention center within walking distance would avoid vehicular travel and thus mitigate impact on traffic within and without Waikiki. The tourist population density in Waikiki also provides a potential for mass transit opportunities for efficient people-moving service for the area.

An added concern prompts your Committees to select Waikiki for the convention center. Waikiki hotels currently enjoy a high occupancy rate, but economists suggest that the present type of market that Waikiki draws from the pleasure

traveler will most likely begin to soften some time during the next decade. There is a growing market for convention and corporate groups which Waikiki cannot now adequately serve. The softening of the pleasure traveler market, coupled with the lack of facilities to tap into the growing convention market, suggests that the future of Waikiki could be adversely different. There is a need to insure the diversification and stability of the State's most important resort area. The convention center in Waikiki would be an investment by the State in the long-term future of Waikiki.

Potential developers for both the International Market Place and Magoon Estate sites have presented preliminary conceptual proposals to your Committees. These proposals intend the development of the convention facility at no cost to the State in consideration for certain land use and zoning exemptions and other benefits to enable developers to construct condominiums, hotels, and commercial facilities on the convention site. Inasmuch as these proposals are still preliminary and the developers need more time to develop their final proposals, your Committees have amended the bill to provide for the legislature to select the convention center site at the International Market Place site or the Magoon Estate site. This will allow the Legislature to entertain the final proposals for each of the sites and after review of the proposals, to select the site which the Legislature determines will better serve the needs of the State's interests.

Your Committees believe that the development of the convention center site should include considerations for providing the following:

- (A) The convention facility should contain, at a minimum:
 - (i) A primary and/or exhibition hall containing 200,000 square feet;
 - (ii) 40,000 square feet of meeting rooms;
 - (iii) A plenary session hall with at least 3,000 seats; and
 - (iv) Parking for 800 vehicles;
- (B) Hotel and condominium facilities shall not exceed 2.5 million square feet;
- (C) There shall be a building height limitation of 350 feet;
- (D) The private developer shall provide a performance bond or equivalent assurance for the construction of a convention facility; and
- (E) The private developer shall provide a commitment letter from financial sources or lenders of requisite financial strength for funding of the convention facility and proposed hotel, condominium and commercial facilities, as approved by the authority.

Your Committees acknowledge that the private sector could provide the ideas, implementation skills, and the wherewithal in the development and financing of the convention center thereby minimizing expenditures of public funds.

It is the intent of your Committees that the State shall obtain as a part of the consideration the right to require the private developer to dedicate and convey the private developer's property interest in the convention center facility to the State free and clear of all encumbrances at such time as the State shall direct in exchange for the granting of land use and zoning exemptions and variances and similar benefits to enable the private developer to construct condominiums, hotels and commercial facilities on the convention center site. Such dedication and conveyance shall be by instrument duly recorded in the bureau of conveyances or the land court.

With the backdrop aforesaid, your Committees find that the provisions of the bill, as amended herein, are congruent to your Committees' findings and intents. More particularly, the bill, as amended, includes the following subjects:

1. The Waikiki convention center authority is established. The authority shall have nine members of which five members shall be nominated and appointed by the governor. The governor shall appoint two members from a list of nominees submitted by the President of the Senate and two members from a list of nominees submitted by the Speaker of the House.

2. The powers of the authority include:

- (i) eminent domain powers under chapter 101, HRS. Property so acquired for the purposes of the Act shall not be subject to chapter 171, HRS. If the convention center site is acquired partially or wholly by eminent domain action, the private developer shall reimburse to the State the sum of money equal to the just compensation or damages for the taking of the convention center site under the provisions of section 101-29;
- (ii) promoting the development of a rapid transit fixed rail system to service the convention center district area; and
- (iii) where practicable, to seek assistance of private developers and or holders of property interest in the lands within the convention center district for temporary or permanent relocation of existing users of such lands who are displaced because of the convention center development.

3. The Legislature shall designate either the Magoon Estate site or the International Market Place site as the Waikiki convention center district.

4. After the designation, the authority shall develop a convention center development plan for the convention center district through public hearing process under chapter 91 subject to the governor's approval.

5. The authority shall establish convention center development rules under chapter 91 on health, safety, building, planning, zoning and land use which supercede all other inconsistent ordinances and rules relating to zoning, planning, and development of the land; provided that in no event shall the rules allow the building height limitation to exceed 350 feet.

6. The authority may enter into agreement with private developers and or holders of property interest in the lands within the convention center district for development of the improvements thereon.

7. There is created the Waikiki convention center development revolving fund where all receipts and revenues of the authority shall be deposited.

8. The authority shall be exempt from all county taxes and assessments.

9. After approval of the convention center development plan, the Governor shall submit to the Legislature requests for appropriations to cover grant-in-aid to the county for plans and design for the improvement of the water, sewer, and drainage systems serving the convention center district.

10. An appropriation of \$250,000 for fiscal year 1988-1989 has been added for the establishment and expenses of the Waikiki convention center authority. The appropriation is not to be used for construction or site preparation work.

Your Committees are not unmindful of the displacement of businesses and persons which would be caused by the development of the convention center in Waikiki. Your Committees have been encouraged by the testimony of developers, businesses and associations in Waikiki that they will lend assistance and work with the convention center authority and other appropriate government agencies to alleviate the seriousness of the displacement concerns. The bill as amended provides that the authority may, where practicable, seek the assistance of the holders of property interest in the land which is the subject of the convention center district in the temporary or permanent relocation of existing users of said land who are displaced because of the development of the convention center.

Your Committees on Tourism and Finance are in accord with the intent and purpose of H.B. No. 3396, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3396, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Kanoho, Tajiri, Yoshimura, Jones, Medeiros and Ribellia.

SCRep. 806-88 Finance on H.B. No. 3041

The purpose of this bill is to make an appropriation for \$500,000 to establish and implement plans for the Diamond Head State Monument.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3041 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 Kanoho, Tajiri and Ribellia.

SCRep. 807-88 Finance on H.B. No. 2643

The purpose of this bill as received was to place a ceiling on real property taxes paid by residents of the State.

Your Committee has amended this bill by deleting the substance and inserting therefor new material, the purpose of which is to provide for a study to determine methods to control large increases in property taxes.

Specifically, this bill directs the Legislative Auditor to conduct a study to determine the methods to control large increases in real property taxes and to report its findings and recommendations to the Legislature. In addition, the bill would also provide for an appropriation of \$50,000 to enable the Legislative Auditor to conduct this study.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2643, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kanoho, Tajiri and Ribellia.

SCRep. 808-88 Judiciary on H.B. No. 2119

The purpose of this bill is to include amendments to pleadings as within the types of pleadings in which general damages, not specific damages, shall be claimed.

Your Committee heard testimony in support of the bill. Testimony suggested that dismissal of a claim on account of its claim for specific damages is too severe and that the statute should allow amendment of the bill to correct the claim for damages.

Your Committee has accordingly amended the bill to require that, upon the filing of a motion to dismiss on the grounds of specificity of damages, the court allow the pleading to be amended in lieu of dismissal at the request of the claimant.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2119, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2119, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 809-88 Labor and Public Employment on H.B. No. 3486

The purpose of this bill is to allow commissioned officers of other military services of the armed forces of the United States to administer oaths to members of the Hawaii National Guard.

Under present law regulating the state military forces, only commissioned officers of Hawaii's Army and Air National Guard are authorized to administer oaths and affirmations to recruits. Hawaii is the only state in the nation which is subject to this limitation which hinders the recruitment of prospective guard members through the federal "Military Entrance Processing Stations" program. This program gives any active duty military officer the authority to swear into any state's National Guard or Reserve any person, world-wide, completing full-time active duty obligations, who wishes to transfer directly into a National Guard or Reserve unit.

Your Committee recognizes, as stated in testimony by the State of Hawaii's Department of Defense, that the ability to recruit members into Hawaii's National Guard and Reserves through this program is essential to maintaining a high level of strength in our State's units.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.B. No. 3486 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 810-88 Judiciary on H.B. No. 3549

The purpose of this bill is to grant the Attorney General the authority to appoint an administrative services manager to oversee the non-legal activities of that office.

This bill would further provide for the position of a secretary to assist the administrative services manager. Both the manager and the secretary would be exempt from civil service.

At present, these positions are temporary. This bill would simply establish them as permanent.

The diverse responsibilities to which the Attorney General must attend leave little room for attention to non-legal administrative matters. The administrative services manager provides significant assistance in this regard.

Your Committee received testimony in support of this bill from the Office of the Attorney General.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3549 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 Yoshimura.

SCRep. 811-88 Consumer Protection and Commerce on H.B. No. 3306

The purpose of this bill is to clarify the authority for Hawaii to participate in the Central Registration Depository (CRD) system with respect to the licensing of securities salesmen and to conform the registration and renewal requirements to those employed by the CRD system.

Your Committee received testimony from the Department of Commerce and Consumer Affairs that when the CRD system came on line on February 15, 1988, there was a backlog in the registration of securities salesmen. From a six to nine month backlog, it now is only a matter of days from submission of an application to approval. The CRD system also enhances the Department's regulatory and enforcement functions by providing extensive information as to the disciplinary history of broker/dealers and salesmen, both registered and unregistered, as well as communication with securities regulators in the other 49 states.

This bill will not result in any substantive change in the standards for registration.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3306, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as H.B. No. 3306, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 812-88 Judiciary on H.B. No. 2137

The purpose of this bill is to reduce the number of situations in which the medicaid program, as it applies to nursing home costs, causes either the unnecessary destitution of families, or the dissolution of marriages.

All too often the spouse of an elderly institutionalized individual in the Medicaid program becomes impoverished as that spouse's assets are considered resources available to the institutionalized spouse to pay for medical expenses. This imposes severe financial hardships on many elderly couples on fixed incomes. It is not uncommon for elderly couples to divorce to enable the impaired spouse to qualify for Medicaid benefits without impoverishing the spouse at home.

Your Committee finds that this bill addresses the fair protection of the income and assets of the spouse of an institutionalized person. A new section has been added to Chapter 346, and a subsection placed in Section 346-29, Hawaii Revised Statutes, which directs that the community property interest and income of the noninstitutionalized spouse are not be taken into account in determining the eligibility of a Medicaid applicant. Further, the transfer of resources of the institutionalized spouse to the noninstitutionalized spouse is not to affect the Medicaid eligibility of the transferring spouse.

Your Committee has amended the bill by removing the provisions and providing instead for the incorporation by reference of the federal statute relating to protection of income and resources of the noninstitutionalized spouses. This federal statute is currently being amended in Congress. As such, your Committee has provided for an effective date of July 1, 1989, in order to allow the state's public assistance law for protection of income and resources to conform with the related federal law and to ensure that contributions to Hawaii's Medicaid program are not jeopardized.

Your Committee has received favorable testimony regarding this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2137, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2137, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 813-88 Judiciary on H.B. No. 3478

The purpose of this bill is to give natural area reserves the same fire protection as that provided for forest reserves and public shooting grounds. The purpose is also to correct language and to make technical, nonsubstantive amendments.

Your Committee finds that currently, the Department of Lands and Natural Resources has fire protection responsibility for forest reserves and public shooting grounds, while natural area reserves which may be located within forest reserves, do not have the same departmental fire protection.

Your Committee is in agreement with testimony in support of this bill's intent to provide natural area reserves with the same fire protection.

Your Committee also finds that correcting terminology will provide consistency among the statutes. "Game management areas" and "hunting areas" are more commonly accepted terms than "shooting grounds".

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3478 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 814-88 Judiciary on H.B. No. 3392

The purpose of this bill is to allow parties to medical tort cases to bypass the requirement for arbitration since they must be submitted to the Medical Claim Conciliation Panel (MCCP).

Your Committee finds that the MCCP was created to provide an efficient, inexpensive method to resolve cases involving medical torts. While the Court Annexed Arbitration procedures were created for similar reasons, all medical tort cases are required to be submitted to the MCCP as a first step. Therefore, requiring these cases to go through arbitration as well adds time and expense without bringing the case closer to resolution.

Your Committee received testimony in support of this bill from the Medical Coalition for Tort Reform..

Testimony from the Court Annexed Arbitration Program indicated that if this bill were to become effective upon approval, it might impact their current three-year empirical study of the Program. This study was begun one and a half years ago to research and evaluate whether the Program: (1) saves time for each case; (2) saves money; and (3) accomplishes results which are satisfactory to all parties involved. In response to these concerns, your Committee amended the bill to change the effective date to July 1, 1989. This will enable the Court Annexed Arbitration Program to continue for another year without further changes. Your Committee therefore believes that to make changes half-way through the study period may disrupt the results.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3392, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3392, H.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 815-88 Consumer Protection and Commerce on H.B. No. 3159 (Majority)

The purpose of this bill is to provide a definition of the phrase "substantially all of the property and assets" of a corporation. Present law requires shareholder approval of the disposition of all or substantially all of the property and assets of a corporation which is not in the regular course of business. The meaning of this terminology is somewhat unclear and your Committee received testimony from corporate lawyers that they would be unable to give a reliable opinion to boards of directors as to transactions which would involve the disposition of large percentages of the corporation's property and assets, in terms of shareholder approval or dissenters' rights.

Under the provisions of this bill, the disposition of property or assets of a corporation would not be deemed to involve all or substantially all of the property or assets if the board of directors determines that the corporation is retaining at least ten per cent of its property and assets and intends to continue business operations after the disposition.

Your Committee heard testimony from several corporations and corporate lawyers in addition to the Department of Commerce and Consumer Affairs.

The Department of Commerce and Consumer Affairs testified that the Department does not object to legislation defining the term in question but does have some concerns with the bill in the form as H.D. 1 and might prefer alternate formulations. Primarily DCCA's objections were that too much of the corporation might be sold "out from under the shareholders" without any prior notice or the right to vote for or against the sale, the method of valuing the property and assets retained is extremely broad, and that dissenting shareholders would be prevented from exercising rights they otherwise have.

The Department of Commerce and Consumer Affairs suggested two alternative approaches: 1) a classification by retained product lines, and 2) geographical areas, which might be criteria for evaluating dispositions against the "substantially all" language.

The corporate attorneys also suggested alternative language as follows:

"A sale, lease, exchange or other disposition of the property and assets of a corporation shall not be deemed to be the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the corporation if the board of directors determines that the corporation is retaining sufficient property and assets to continue one or more significant business segments of the corporation after the sale, lease, exchange or other disposition."

The corporate attorneys referred numerous times to the Official Comments of the Model Business Corporations Act. The Official Comments state as follow:

"1. THE MEANING OF "ALL OR SUBSTANTIALLY ALL"

The phrase "all or substantially all," chosen by the draftsmen of the Model Act, is intended to mean what it literally says, "all or substantially all." The phrase "substantially all" is synonymous with "nearly all" and was added merely to make it clear that the statutory requirements could not be avoided by retention of some minimal or nominal residue of the original assets. A sale of all the corporate assets other than cash or cash equivalents is normally the sale of "all or substantially all" of the corporation's property. A sale of several distinct manufacturing lines while retaining one or more lines is normally not a sale of "all or substantially all" even though the lines being sold are substantial and include a significant fraction of the corporation's former business. If the lines retained are viewed only as temporary operation or as a pretext to avoid the "all or substantially all" requirements, however, the statutory requirements of chapter 12 must be complied with. Similarly, a sale of a plant but retention of operating assets (e.g., machinery and equipment), accounts receivable, goodwill, and the like with a view toward continuing the operation at another location is not a sale of "all or substantially all" the corporation's property.

Some court decisions have adopted a narrower construction of somewhat similar statutory language. These decisions should be viewed as resting on a diverse statutory language involved in those cases and should not be viewed as illustrating the meaning of "all or substantially all" intended by the draftsmen of the Model Act."

After careful consideration of all of the testimony your Committee has determined that a percentage of assets retained, while possibly one factor, is not the most appropriate means of determining whether substantially all of the assets have been disposed of. To your Committee it is conceivable that greater than 90 per cent of the assets could be disposed of in some instances without crossing the line into "substantially all". In other cases, however, the percentage could be far less.

The test, in the minds of your Committee, should be that some significant segment or line is retained and the business continues. Furthermore, the segments or lines retained cannot be temporary operations or a pretext to avoid the "substantially all" requirement. Your Committee has amended this bill with reference to the official comments to the Model Act.

Your Committee modified the language of this bill to utilize the term "lines" as well as business "segments". Your Committee also added a caveat that lines or segments retained cannot be only temporary operations or a pretext to avoid

the "substantially all" language. Your Committee expects that the disposition of assets will be done in good faith with respect to the requirements of law, the best interest of the shareholders and the community.

Your Committee also removed language which might suggest that a determination of the board of directors would be dispositive of this issue. Your Committee realizes that in most, if not every case, the board of directors will, in fact, have to make a determination of this issue with respect to dispositions of property and assets. Your Committee, however, believes that the board's determination alone is not enough, that the test is an objective test in which the board's decision and judgement is but one of many factors to be considered.

Your Committee intends that, among other factors, both the quality and quantity of property and assets retained will be considered. These factors should be considered in comparison to the property and assets disposed of as well as in comparison to other appropriate segments of the business community. As an example, if a supermarket were retained it would not be appropriate to make a comparison to mom and pop grocery stores to demonstrate that the supermarket was significant and not some minimal or nominal residue of the original assets. Other factors to be considered might be the particular markets in which the retained business operates, the historical and traditional operations of the corporation and community ties. This is, however, not intended to be a complete list.

Your Committee believes that the sale or disposition of property and assets involves a relatively high risk that shareholders' rights and interests may be damaged. The rights and interests of shareholders must therefore be balanced against the objectives of the transactions and considered as a factor in the determination of whether or not there has been a disposition of "all or substantially all" of the property or assets of the corporation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3159, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3159, H.D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 816-88 Consumer Protection and Commerce on H.B. No. 2348

The purpose of this bill is to provide that applicants for licensure to the Board of Psychology, who commenced doctoral degree programs prior to 1985, in lieu of attending a regionally accredited institution of higher education, may provide documents and evidence deemed by the Board to establish that the applicant's formal education is equivalent to a doctoral degree granted by a regionally accredited institution. The bill provides that certification by the University of Hawaii of such equivalency shall be binding upon the Board.

Your Committee received testimony from the Board of Psychology against this bill. In 1985 a bill was enacted which removed any discretion of the Board to approve schools which were not regionally accredited. Since that time there have been a small number of applicants who have claimed that they did not qualify for licensure because the requirement for accreditation was changed mid-stream or after their education was completed. Act 285, Session Laws of Hawaii 1987 was enacted to address this problem for applicants who received their doctoral degrees in 1985 and filed applications in 1985. The Board is opposed to the present bill because it would further open a "window" to applicants who do not meet present qualifications for licensure.

The University of Hawaii testified that it is unable to establish equivalency with accredited programs except by duplicating the accreditation procedure. This would be time-consuming and costly and testimony indicated that the University of Hawaii is not presently set up to accomplish this task.

Your Committee received testimony from one doctor of psychology who, in fact, would qualify to apply for licensure under the exception that would be created by this bill. This potential applicant received her degree from an institution approved by the California State Department of Education and whose graduates are automatically eligible to sit for the national exam for licensure of psychologists in California. While this potential applicant had completed her course work in 1985, her dissertation was not completed until 1987. This dissertation research won second place in an Outstanding Research Award given by the Biofeedback Society of California. This potential applicant had therefore essentially gone too far down the road in 1985 to switch to a regionally accredited institution. This potential applicant also testified that at the time she selected her doctoral program, there were no regionally accredited institutions offering the area of specialty she had selected.

Your Committee finds that it would be inequitable and not in the consumer's interest to prevent licensure of psychologists, otherwise qualified, merely because they had chosen to attend an institution which was not regionally accredited prior to 1985.

To address the problems raised by the Board and the University of Hawaii, your Committee has amended this bill to provide that an applicant who began doctoral studies prior to 1985 must also have applied for licensure by December 31, 1987 and received a degree from a state-approved program.

Your Committee has also reorganized the language of this bill for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2348, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2348, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 817-88 Consumer Protection and Commerce on H.B. No. 2349

The purpose of this bill is to extend the sunset review repeal date of Chapter 465, Hawaii Revised Statutes (Board of Psychology), which had been scheduled for repeal on December 31, 1988. This bill sets Chapter 465 for repeal effective December 31, 1994.

The bill also eliminates the Board's authority to refuse to grant or to revoke or suspend any license or to place a license holder on conditional probation on the grounds of unethical practice of psychology, as defined by the Board in accordance with its rules.

Your Committee received testimony from the Board of Psychology generally in favor of this bill, but opposing the elimination of the unethical practice provision. Testimony indicated that certain problems pointed out by the Legislative Auditor were solved in consultation with the Attorney General by eliminating overly restrictive provisions in the Board's rules. Your Committee has therefore amended this bill by removing the portion which eliminated the unethical practice provision.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2349, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 818-88 Consumer Protection and Commerce on H. B. No. 412

The purpose of this bill is to eliminate the provision relating to the requirement for a practical demonstration examination for license to practice massage. The bill also eliminates the authority to contract with professional testing services to prepare, administer and grade examinations for license applicants under Chapter 452-14, Hawaii Revised Statutes.

Your Committee received testimony favorable to the passage of this bill from the Board of Massage.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 412 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 819-88 Consumer Protection and Commerce on H.B. No. 2788

The purpose of this bill is to simplify the filing requirements for articles of incorporation by limiting the required items to include the name of the corporation; authorized capital, principal address, names and addresses of initial officers. All other information would be discretionary. This bill also adds a new section to the corporation law to set forth the duties of the Division of Business Registration of the Department of Commerce and Consumer Affairs in reviewing documents for filing. This bill also allows a corporation to have one individual as an officer in situations where the corporation has a sole shareholder and a single director.

Your Committee received testimony from the Department of Commerce and Consumer Affairs and others in support of this bill with amendments.

Therefore, your Committee has amended the bill to provide that a corporation may have only one individual as an officer in instances where there is a sole shareholder, to allow the execution of documents by one individual when there is only one individual as an officer of the corporation and amends certain sections of this chapter to conform with these amendments.

Your Committee on Consumer Protection and Commerce is in accord with the purpose and intent of H.B. No. 2788, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto, as H. B. No. 2788, H. D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 820-88 Consumer Protection and Commerce on H.B. No. 3610

The purpose of this bill is to clarify that the Director of the Department of Commerce and Consumer Affairs and the executive secretary of the Medical Claims Conciliation Panel and the Design Claims Conciliation Panel have the authority to sign subpoenas for those panels.

Your Committee received testimony that the executive secretary of those panels has been signing subpoenas since the panel process began. Last fall, the Supreme Court of Hawaii ruled that only the panel itself could sign subpoenas. This ruling poses substantial problems from an administrative point of view. Your Committee received no testimony in opposition to this bill.

Your Committee has made technical, non-substantive changes to this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3610, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as H.B. No. 3610, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 821-88 Consumer Protection and Commerce and Judiciary on H.B. No. 3285

The purpose of this bill is to mandate additional penalty for the operation of a motor vehicle without a valid no-fault policy. The additional penalty is the suspension for one year of the driver and of the registered owner.

Your Committees heard testimony in favor of this bill from the Department of Commerce and Consumer affairs as well as the Honolulu Police Department and the insurance industry.

Your Committees have amended this bill to reflect the Committees' belief that any person cited under this section should have the opportunity to present any good faith defense, for example: lack of knowledge or proof of insurance.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 3285, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3285, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Yoshimura.

SCRep. 822-88 Consumer Protection and Commerce on H.B. No. 2999

The purpose of this bill is to allow the Public Utilities Commission to permit interim rate increases to recover certain payments made to non-fossil fuel producers of power. The interim rates would be effective until the final decision in the particular public utility's next general rate proceeding.

This bill would permit a public utility to submit an application to the Public Utilities Commission, which may, after an evidentiary hearing, allow payments made by the public utility to non-fossil fuel producers from firm capacity and related revenue taxes to be recovered by the public utility through an interim increase in rates until the effective date of the rate change approved by the Commission's final decision in the public utility's next general rate proceeding under section 269-16. The Public Utilities Commission, in granting approval, must find that such recovery is 1) in the public interest; 2) will encourage the maintenance or development of non-fossil fuel sources of energy; 3) will increase self-sufficiency; 4) is not unduly prejudicial to the public utilities' customers; and 5) is reasonable in amount.

Your Committee received testimony in favor of this bill from the Department of Business and Economic Development, Hawaiian Electric Company, Kauai Electric Division of Citizens Utilities Company and Hilo Coast Processing Company. Testimony in opposition to this bill was received by your Committee from the Department of Commerce and Consumer Affairs.

DCCA opposed this bill on the basis that the requirement for a public hearing is removed and the bill removes notice requirements that presently exist in the statutes and rules of the Commission. Your Committee agrees that this bill could pose some risks to consumers and has therefore amended this bill to require notice to customers as well as a public hearing. Your Committee has decided further to limit these interim rate proceedings to public utilities with contracts, with qualifying facilities, which were in existence previous to November 9, 1978.

Your Committee is informed that certain producers of alternate energy, for example, Hilo Coast Processing Company, began supplying electric utilities with power in the early 1970's. These "pioneering" companies individually negotiated their contracts with the public utilities for the rates for the purchase of power from them.

In November 1978, the Public Utilities Regulatory Policy Act of 1978 (PURPA) was enacted. Your Committee understands that PURPA set rates for purchase from new qualifying facilities. Facilities which had been in existence were excluded from PURPA. Many of these facilities, such as Hilo Coast Processing Company, then had rates for purchase which were lower than post-PURPA facilities. This discrepancy lasted for seven years until 1985, when it was at least partially corrected. Hilo Coast Processing Company, for example, was raised to 85% of the PURPA rates in 1985 and 90% in 1986.

In the case of an early alternative energy producer, like Hilo Coast Processing Company, there may have been many years during which the rates were lower than those of similar companies who came later to the field.

Your Committee received testimony from Hilo Coast Processing Company that it receives one of the lowest rates paid to alternative energy producers in the State. It is attempting to modify its power contract with Hawaii Electric Light Company, but approval of a new rate, to pass through any increase, by the normal rate making procedure could well take years. This company is struggling for survival and urgently needs its rates increased from its historically very low levels.

Your Committee believes that it will not be in the consumers' long-run interest if these early alternative energy providers are not allowed adequate rates to insure their survival. On balance, any risk to the consumer posed by this bill is outweighed by the preservation of these alternative energy producers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. 2999, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2999, 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. 823-88 Consumer Protection and Commerce and Judiciary on H.B. No. 3297

The purpose of this bill is to require condominium hotel operators to register with the Real Estate Commission on a biennial basis as a condominium hotel operator, and provides that an operator failing to register within three months of the effective date of this Act shall be subject to a fine not exceeding an amount equal to \$25 multiplied by the aggregate number of units being utilized as a condominium hotel. Additionally, this bill provides that a registration fee may be assessed by the Commission. Also, this bill amends language relating to the requirement that the condominium operator shall provide evidence of bonding to the Real Estate Commission in an amount equal to \$500 multiplied by the condominium hotel contracts. This bill further states that the bond shall protect the owners of the apartment whose apartments are used to provide customary hotel services.

Your Committees have received testimony from the Real Estate Commission, Hawaii Hotel Association and others on this bill. Concerns were raised regarding the bond provisions of this bill and the difficulty in obtaining and continuing the surety bond.

Your Committees, therefore, have amended the bill by exempting from the bond provision those operators who manage condominium units that they own but provides that they will continue to obtain bonds for those units which they may manage but not own. Also, an amendment has been included which will protect the apartment owners against fraudulent or dishonest acts by the condominium hotel operator in handling the apartment owners funds.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 3297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3297, 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. 824-88 Consumer Protection and Commerce on H.B. No. 2785

The purpose of this bill is to amend chapters 415 and 415B of the Hawaii Revised Statutes for the purpose of providing clarification and simplification of the corporate laws.

Chapter 415 is amended by amending Section 415-29 to increase the number of days of notice for a shareholders meeting from 50 to 70; Section 415-30 is amended by increasing the number of days of closing record books from 50 to 70; Section 415-54 is amended by amending requirements for articles of incorporation to increase ease of filing by deleting requirement for specific purpose, clarifying when preemptive rights must be specified and clarifying that amount of capital paid-in surplus applies only when par value stock is issued, amending Section 415-55 by adding a reference to execution of articles of dissolution by directors to be consistent with revisions to Section 415-82, amending Section 415-61 by clarifying a reference to action by the board of directors when no stockholder vote is taken, amending Section 415-75 to provide a reference that if a corporation owns 90 per cent of a subsidiary corporation and which adopts a plan of merger to merge a subsidiary into the parent, the parent does not need to be mailed a copy of the plan of merger, amending Section 415-75.5 to clarify references to parent, surviving and nonsurviving corporations where the parent corporations own 90 per cent or more of the stock of two or more subsidiaries and adopts a plan merging two or more subsidiary corporations, amending Section 415-82 to provide authorization for the initial board of directors as well as incorporators to dissolve the corporation and provide for dissolution where the corporation has not commenced business or has not issued shares, amending Section 415-83 to provide for attorneys to execute consent for dissolution on behalf of the shareholders, amending Section 415-118 by repealing the requirement for procuring an amended certificate of authority for foreign corporations, and by amending Section 415-131 to delete reference to foreign insurance companies because they are not subject to Chapter 415 and delete reference to foreign nonprofit corporations because they are covered by Chapter 415B.

Chapter 415B is amended by amending Section 415B-68 to require all officers of nonprofit corporations to be individuals as is required by Chapter 415.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of this bill with amendments deleting Sections 3 and 4 of this bill. Amendments to those sections will be included in another vehicle.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2785, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2785, H.D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 825-88 Consumer Protection and Commerce and Judiciary on H.B. No. 3604

The purpose of this bill is to correct spelling, to clarify provisions for licensure and discipline and to conform the acts or conditions for discipline to those applicable to physicians under Chapter 453, Hawaii Revised Statutes. The bill will

allow the Board of Medical Examiners to accept notification of passage of the National Board of Podiatric Medical Examiners examination as valid evidence that the applicant has met the requirement that such an examination has been passed by the applicant.

Your Committees received testimony that, as of January 1987, certificates will no longer be issued by the National Board of Podiatric Medical Examiners.

The bill also makes "gross negligence" a cause for the revocation or suspension of license. The previous law used the term "gross carelessness". Revocation, suspension or other disciplinary action by a federal agency, of licensure, or of a practice privilege by another state or federal agency, will also be cause under this bill for revocation or suspension of license.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 3604 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 826-88 Housing and Community Development and Consumer Protection and Commerce on H.B. No. 2077 (Majority)

The purpose of this bill is to afford lessees of condominiums and cooperative housing projects the opportunity to purchase leased fee interests through a mandatory conversion process. This bill proposes conversion of leased fee interests upon application by a leasehold cooperative housing corporation or by lessees holding at least 80 per cent of the undivided interests of a horizontal property regime.

Under the Hawaii Land Reform Law contained in Chapter 516, Hawaii Revised Statutes, the Housing Finance and Development Corporation (formerly, the Hawaii Housing Authority) is authorized to exercise the power of eminent domain to acquire the fee simple title to residential leasehold lots and to sell these lots to lessees of the property. This chapter was enacted to address the serious shortage of fee simple residential lots and the artificial inflation of residential land values in the State brought about by a concentration of landownership.

Although the Hawaii Land Reform Law has enabled residents to purchase the fee simple title to their leasehold lots, lessees in condominiums and cooperative housing projects have, in large part, been unable to purchase the leased fee interests to their homes through the voluntary conversion process. As a result, many lessees have been denied the opportunity to own their homes at a fair price. The passage of this mandatory lease-to-fee conversion legislation for condominiums and cooperative housing projects would place these lessees on equal footing with lessees of residential lots and would enable an increased number of lessees to own their homes in fee simple.

This bill is the result of a study contracted by the Housing Finance and Development Corporation in response to H.R. No. 380 ("Requesting the Hawaii Housing Authority to Address Issues Related to Leasehold Conversion of Condominiums and Cooperative Housing Projects") following the 1987 legislative session. Specifically, this bill is based on the draft legislation proposed in the report entitled: "Leasehold Conversion of Condominiums and Cooperative Housing Projects, Phase II: Proposed Legislation".

Beginning in November, 1987, your Committees devoted many hours in discussing the findings of the reports with the consultant team hired by the Housing Finance and Development Corporation. This session, your Committees scheduled two lengthy public hearings on this bill and related measures and received voluminous testimony from the public, especially from lessees as well as lessors.

Upon further consideration, your Committees have made the following amendments to the bill:

1. Exempted a lessor who has the fee simple ownership interest in the land under a single development from the provisions of this bill. Your Committees find that certain persons frequently own little more than the single lot that the condominium or cooperative housing project rests on. Oftentimes, these lessors depend on the steady stream of lease rent to provide them with the fixed income to sustain themselves.

2. Deleted the provisions relating to the reversion of improvements in order to avoid duplication with the substance of H.B. No. 3205.

3. Required that of the 80 per cent of the lessees needed to ratify the purchase of the fee interest in the development, at least 25 per cent of these lessees must be owner-occupants. Your Committees find that it is in the best interest of the State to enable the ownership of fee simple residences to as large a number of people as possible. By requiring this minimum involvement by owner-occupants, this amendment will help ensure that this objective is achieved.

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

Your Committees on Housing and Community Development and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 2077, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2077, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

(Representatives Andrews, M. Ige, Leong, Peters and Yoshimura did not concur.)

SCRep. 827-88 Housing and Community Development and Consumer Protection and Commerce on H.B. No. 3205 (Majority)

The purpose of this bill is to substitute the "surrender clause" found in condominiums and cooperatives with a "negotiation clause," thus abolishing all existing, from January 1, 1950, and future "surrender clauses."

The State of Hawaii, unlike the rest of the nation, was once an independent country ruled by a indigenous monarchy. This monarchy owned and controlled all of the land; however, in 1848, King Kamehameha III, fearing the loss of his land and his kingdom, instituted the "Great Mahele," which allowed for the private ownership of land. In the years following the "Great Mahele," a few Hawaiian families as well as a few foreign families acquired vast tracts of land. When the Kingdom of Hawaii was overthrown and the Republic of Hawaii, and subsequently the territory and State of Hawaii were created, these families were able to retain control and ownership of their land.

Land ownership is a valuable commodity which most in the State do not or are unable to have. The scarcity and price of land in Hawaii has made land unavailable for the greater part of the population. A few of the landowners recognized a housing shortage and began to construct single-family housing, selling the "lease interest" of the land. What these people were selling was the interest in leasing the land and not the interest in owning the land. These landowners had no intention of selling the land, and therefore included "surrender clauses." Depending on the terms of the lease, the lessee will lose all interest in the improvements, and in some cases incur the cost of removing these improvements and returning the land to its original condition.

The lessees fear that they will lose their homes and incur great cost toward the end of their leases. They further believe that they have paid substantial amounts in capital investments, interest costs, maintenance costs, property taxes, land rents, utility costs, etc., to construct and maintain the improvements during the lease term and that the "surrender clause" is unjust.

The lessees further point out that many were unaware of the "surrender clause." Moreover, "surrender clauses" are frequently contained in the "master lease" and many people who purchased these units failed or were unable to read the master lease.

The Housing Finance and Development Corporation showed support of this bill by stating that this legislation provides for the abolition of surrender clauses in all long-term leases of residential units with appropriate negotiation clauses. The Housing Finance and Development Corporation believes that the enactment of this legislation would alleviate the immediate fears of affected lessees, and prevent surrender clauses from being drafted in future leases.

This legislation assists the lessees by giving them some security in their homes, and also insures protection for the lessors. Your Committee finds that the negotiated clauses which would be substituted for the "surrender clause" would provide a fair compromise in this issue. The bill proposes that the negotiation clauses include the following:

- (1) permission for the lessees to remove the on-site improvements constructed by or paid for by the lessees without compensating the lessor for the improvements; or
- (2) requirements that the lessors at the expiration of the lease term offer lessees a 30 year extension of the lease term or compensation for the fair market value of the improvements.

Upon further consideration, your Committee has amended this bill as follows:

- (1) providing more accurate and constitutionally sound legislative findings;
- (2) changing the length term extension of the lease from thirty to ten years; and
- (3) restricting future residential leases from including surrender clauses.
- (4) substituting the retroactive date from January 1, 1957 to January 1, 1950.

Your Committees on Housing and Community Development and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 3205, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3205, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees
(Representatives Andrews, Bellinger, M. Ige, Leong, Peters and Yoshimura did not concur.)

SCRep. 828-88 Housing and Community Development and Consumer Protection and Commerce on H.B. No. 2168

The purpose of this bill is to grant the residents of condominiums and cooperative housing projects the first right of refusal.

Hawaii's landed community is unique in the United States. A large part of the State is owned by a few institutions, which have made land scarce and unattainable for the greater part of the population. The high cost, resulting from its scarcity, has made multi-family dwellings an acceptable part of the housing community. Moreover, in condominiums and cooperative housing projects the residents purchase the unit and not the land and instead lease the land from the lessor. Landowners maintain ownership of the land and are able to sell the land at their discretion.

Since the landowner maintains the fee simple interest in the land, the landowner is able to sell the land to any purchaser. This bill proposes that the landowner offer the residents of condominiums and cooperative housing projects the right of first refusal. The residents of the condominiums and cooperative housing projects would be able to protect their interest in purchasing the fee simple interest in the land, at the price the landowner would have received from a third party.

Your Committees have amended this bill by deleting Section -3 which required the seller of a fee interest to notify the real estate commission of the intent to sell the fee interest in the real property under the condominium or cooperative housing project.

Your Committees on Housing and Community Development and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 2168, as amended herein, and recommend that it pass Second Reading, in the form attached hereto as H.B. No. 2168, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 829-88 Housing and Community Development on H.B. No. 2466 (Majority)

The purpose of this bill is to amend the definition of "Lease" in Section 516-1, Hawaii Revised Statutes.

Historically, the fee simple ownership of residential lands in the State was concentrated in the hands of a small number of landowners. Private landowners followed the policy of not selling their lands for residential use, but of leasing their lands under long-term leases. In 1967, the Hawaii State Legislature passed the Hawaii Leasehold Conversion Act, which allowed the State to break up the oligopolistic landownership, by condemning the leaseholds for resale to the lessees. This Act was upheld as a legitimate exercise of the power of eminent domain under the federal and state constitutions.

However, some private landowners have circumvented the good intention of the Hawaii Leasehold Conversion Act by shortening the term of the lease. In order for a lease to be included within the Act, the term of the lease must be 20 years or more. Some private landowners have reduced the lease term to 19-1/2 years, to avoid inclusion within the Hawaii Leasehold Conversion Act.

This bill seeks to remedy this situation by amending the definition of "Lease", to fulfill the good intention of the Hawaii Leasehold Conversion Act.

This bill was amended to correct certain technical, and stylistic errors; no substantive changes were made.

Your Committee on Housing and Community Development is in accord with the intent and purpose of H.B. No. 2466, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2466, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative M. Ige.
(Representative Peters did not concur.)

SCRep. 830-88 Finance on H.B. No. 2081

The purpose of this bill is to amend Act 216, Session Laws of Hawaii 1987, to provide supplemental appropriations for fiscal year 1988-89.

FINANCIAL AND BUDGETARY OVERVIEW

Forecasts on the State's fiscal 1988 outlook project an increase in general fund tax revenues of 4.6 percent over the current year and another 6.9 percent in fiscal 1989. In addition to the increase in tax revenues projected for fiscal year 1988, an additional \$95.6 million of liquor tax payments has been transferred to the general fund as a result of the settlement of law suits. Combined with the general fund balance of \$243.5 million from the end of fiscal year 1987, a general fund balance of \$401.2 million is projected by the end of this fiscal year. This balance will be reduced to \$379.3 million by the end of the fiscal biennium. The status of this balance will depend on the deficit reduction actions of the federal government as well as the state of the world economy. The surplus must be viewed within the context of the far-reaching needs of our State.

In its January 11, 1988 report, the Council on Revenues has also projected that the general fund tax revenue increase from the previous year to the current year will be 8.0 percent rather than the 4.6 percent used as the basis for preparing the executive's supplemental budget request. This increase results in an additional \$54.9 million in general fund revenues for the State.

The Department of Taxation has further reported that for the first five months of the current fiscal year, general fund tax collections have been running 16.2 percent over collections for the same period during the previous year. It therefore appears that the beginning general fund balance for FY 89 will be somewhat higher than the \$401.2 million previously projected.

Your Committee recognizes that Hawaii's current situation mirrors that time of opportunity described by William Shakespeare when he wrote:

There is a tide in the affairs of men

Which taken at the flood leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are we now afloat, and we must take the current
when it serves;
Or lose our ventures.

The tides of time have shifted. Today, Hawaii exists in the context of global cooperation and competition. The world is very different from what it was at the time of statehood, and the pace of change quickens with each passing year. In the midst of this rapid change, we find ourselves at a major turning point in the history of our State. The pillars of our past, especially the sugar industry, face dire challenges while the promise of new industries continue to beckon fleetingly. Scientists and engineers in Hawaii are achieving breakthroughs in space industries, tropical biotechnology, ocean sciences, and alternate energy, but we need to move beyond recognizing the potential of new industries and towards shaping the reality of a diversified economy. In a modern economic world where no "natural advantages" exist for very long, the future waits for no one. We do not have the luxury of long deliberation on our choices; if we do not act soon, the opportunities will be lost.

Thus, the apparent overflowing of our coffers offers unprecedented opportunities and clear alternatives. Your Committee recognizes that the budget surplus could be consumed through spending on such expenditures as a tax rebate or the expansion of current governmental maintenance programs. However, your Committee has been guided by the idea that a short-term windfall should not be squandered irresponsibly to satisfy the shortsighted demands of the moment but should be invested to ensure prosperity in the coming years and through the next generation.

Therefore, the theme of your Committee's budget proposal is: "investing in Hawaii's future." Our efforts have been concentrated on three areas that constitute the social "infrastructure" of our State: economic development, education, and human services. In these and other budget areas, we have given priority to the following elements: bold initiatives with the potential of pace-setting accomplishments; coordinated and planned approaches rather than piecemeal, ad hoc efforts; government efficiency and accountability; and a commitment to deeply-held values about our community and quality of life that will shape Hawaii during the coming decades.

ECONOMIC DEVELOPMENT

The innovative work group projects conducted in the interim offered bold, exciting proposals in the following new economic development areas: telecommunications, the space industry, waterfront redevelopment, Pacific Basin, small business, and a convention center. Your Committee has strongly supported these initiatives through separate House measures, and has added additional funds in some of these areas.

Telecommunications. The Governor has declared 1988 to be the "Year of Telecommunications in Hawaii," reflecting the importance of expanding Hawaii's economy through development of an information industry. In addition to the establishment of the Hawaii Information Network Corporation in a separate House bill, your Committee has provided \$100,000 for the marketing of Hawaii as a location for telecommunication businesses.

International Center. The Pacific Basin is now the hub of the world's economy. Geographically and culturally, Hawaii is the center of that hub. We want to be the financial center as well. Funding has been provided for the planning of a Pacific Basin-oriented international center to help diversify Hawaii's economy.

Space Industry. An evaluation of the potential development of a space industry in Hawaii has revealed that Hawaii is well positioned to pursue both launch and non-launch space related activities. To this end, funds have been provided for the expansion of space related work.

High Technology. Your Committee has provided the funds necessary to establish an Innovation Center in Manoa and a Research and Technology Center on Maui. These facilities will encourage start-up and growth of high technology business.

Energy. While Hawaii is a world leader in alternate energy research, it is also heavily dependent on costly imported petroleum for ninety percent of its total energy needs. Realizing the importance of achieving energy self-sufficiency, your Committee is providing \$400,000 for alternate energy demonstration and commercialization projects.

AGRICULTURE

The agricultural industry in Hawaii continues to be a vital component of the State's economic base. In separate measures, you Committee has provided \$3,000,000 for continued sugar research and development, as well as a \$5,000,000 appropriation for loans to sugar growers. Your Committee continues to provide funding for the promotion of pineapple and for the promotion of diversified agricultural commodities.

TRANSPORTATION

Your Committee's appropriations reflect the continued development of the State's airport facilities to accommodate increasing visitor arrivals, as well as a commitment to accelerated upgrading of Hawaii's harbors. Funds have been provided for an increase in the level of security required at the airports to comply with recent amendments to federal aviation regulations and assumption of the passenger bus service contract; for the promotion of Hawaii's harbors; and for the replacement of vehicles. Your Committee has also provided funds for the improvement and expansion of airfields,

terminals, and other support facilities; the improvement and expansion of harbor facilities; and the upgrade and expansion of highways throughout the State.

ENVIRONMENTAL PROTECTION

Funds have been provided for the continued development of regulations for the disposal and recycling of used oil and an increase in air permitting activity. Funds have also been provided for the eradication of marijuana plants on state lands, the development of a system to analyze pesticides in soil, and the development of a one-step test to detect contamination of reef fishes. Authorization was given for federal assistance in the development and implementation of an air toxic program.

HEALTH

Acquired Immunodeficiency Syndrome (AIDS). AIDS is a growing concern to the State as well as the nation. Besides a comprehensive House bill providing funding and program support, your Committee has increased the staff for the testing of the AIDS virus, Human Immunodeficiency Virus (HIV), and other retroviruses. Through these initiatives, the State is striving to reduce the spread of these diseases among its residents and visitors.

Emergency Medical Services. Continued growth in the State's resident population and number of tourists visiting the islands has created the need for improved and increased ambulance services. Funding has been provided for ambulance services for the Kohala district and for additional ambulance units in the Hawaii Kai, Ewa, Waialua, and West Maui areas. Funding has also been provided for review of the State's emergency medical performance, and the development of a system that will ensure that safe and proper procedures are being followed in providing emergency services to the people of Hawaii.

Deinstitutionalization of Mentally Ill and Developmentally Disabled Patients. Your Committee continues to be concerned with the deinstitutionalizing of mentally ill and developmentally disabled patients. Funds have been provided to treat and rehabilitate these patients enabling them to be placed back into the community to function and interact with other citizens.

Public Protection from Exposure to Harmful Contaminants and Radioactive Emissions. The quality of the food and water consumed in our daily lives is critical to ensure the health and public safety of the citizens of our community. To this end, your Committee has provided for an increase in the number of staff to collect, monitor, and regulate unhealthy, harmful contaminants and pollutants in the public drinking water supply, commercial food products, and the processing of milk. Increased monitoring will aid in reducing the spread of disease and illness from the consumption of these items. Additional staffing is also being provided to monitor and regulate radiation emission from x-ray machines in medical and dental offices.

SOCIAL SERVICES

Among our most deeply held values are those of compassion for the less fortunate and caring for the community as a whole. In this area, your Committee has adopted a prevention-oriented approach, as well as emphasizing community-based programs over institutionalization. This too is an investment in the future, one which makes it possible to meet the needs of our community in more humane, less costly ways.

Elderly. As part of your Committee's concern over Hawaii's rapidly growing elderly population, funding has been provided for development of a strategy to launch an adult long-term care financing mechanism, a demonstration project providing housing assistance to elderly residents, a public awareness program on long-term care insurance, production of a series of video programs on long-term care to be telecast on television, and distribution of information to the elderly on long-term care services.

Child Care. Realizing the increasing importance of child care, your Committee funded programs to address the needs of quality after-school care. These programs will offer services for latch-key children as well as enhance their literacy skills.

Support was also given for a needs assessment study to better understand the availability of child care in our State, and provide a background for the planning of child care services in both the public and private sector.

In conjunction with a separate House bill covering a wide spectrum of critical child care needs, your Committee provided funding for family-based services, training for child-care providers, and a statewide needs assessment, and an after-school demonstration project.

Family Abuse and Neglect. Funding has been provided for additional positions for increased support of reunification of abused children with their families, minimum wage increases for hourly employees providing in-home support services to elderly or disabled adults, and replacement of motor vehicles for Hawaii, Maui, and Kauai Child Protective Services offices. Temporary positions were converted to permanent in the inter-state child placement program. Authorization was given for federal assistance for child welfare services, and foster care and adoption programs.

Public Welfare. Funding has been provided for continuation of the lease for the Hawaii Automated Welfare Information system (HAWI), additional system support, and expansion of offices to meet the space needs of HAWI. A food stamp employment and training program was also funded.

Health Care Payments. Funds were provided for additional reimbursement of dental health care to encourage participation of dental care providers in the medicaid program, and for expansion of medicaid coverage to pregnant mothers and infants.

LOWER EDUCATION

We are acutely aware that, in the face of a rapidly changing world in which technology plays an increasingly important role, our greatest resource is a well-educated population. A college degree may some day be mandatory, but creating excellent universities will accomplish little for us if our students are not prepared to enter them. Thus your Committee has concentrated its efforts on strengthening the basic foundation of our public school system--with funding to improve classrooms and school facilities, meet special education needs, and streamline DOE operations.

Furthermore, in the new information age, education is not limited to schooling. Since much of what is taught in schools will be outdated within a few years, learning will also have to be a lifetime activity. As we proceed down that road, the public library system of our State becomes more crucial, an essential component of the education infrastructure.

A total of \$19.4 million has been added for lower education priorities.

Special Education. A positive commitment to educational improvement for handicapped children has been made. An additional \$5.3 million has been provided to begin the implementation of recently adopted special education staffing goals. The new goals provide for a systematic reduction of the ratio of students to instructional personnel. This will accelerate student achievement toward their individual goals and enhance the preparation of students for self-sufficiency as adults.

School Repairs and Maintenance. The repairs and maintenance program of public school facilities will always be an important part of the educational process for our children and community. An additional \$10 million to supplement the \$21.7 million already funded in the FY 89 budget has been provided for the school repairs and maintenance program. This will accelerate our efforts to provide a safe environment conducive to learning for students and staff.

State Administration. An investment in the future has been made with a commitment of funds to start the first phase of a five year, \$8 million project to replace the department's outdated accounting system with a modern, on-line, and integrated financial system. Thousands of man-hours previously spent on excessive red tape and paper pushing will be redirected to better planning, forecasting, and instruction.

Public Libraries. The last step in the development of the only statewide automated circulation/catalog system in the world has been completed. Funds have been provided to equip the Library for the Blind and Physically Handicapped with an automated circulation system.

For library users statewide, your Committee has provided funds to replace the present computer system with a much more powerful unit. In addition to speeding up response time, a greater number of terminals will be available for use by the general public.

HIGHER EDUCATION

Without economic development to provide a broad mix of employment opportunities, the investment we make in education may be lost through the departure of our young people to other states. Therefore, we have strongly reaffirmed our commitment to the key role which our university system plays in Hawaii's long-term economic growth. Your Committee has provided funding of over \$16 million in additional funding in this area.

College of Ocean and Earth Science and Technology. The continued support of this new school will take advantage of Hawaii's geographical location and ocean-related culture by expanding studies, instruction, and research in ocean and earth sciences; developing new products, materials and engineering systems; and applying pure research into applied technologies. Your Committee has provided funds for the construction of a facility to house this school at the University of Hawaii.

School of Hawaiian, Asian, and Pacific Studies. Hawaii plays a unique and vital role in the development of the Pacific and Asian region. Continued support of this new school will be instrumental in positioning the university as one of the nation's leading research institutions in Pacific and Asian Affairs.

Space Related Activities and Economic Development. The economic development of a space industry, which may include a launching facility, is an exciting possibility and support is being given to develop this potential as well as enhance existing space research and training facilities.

Office of Technology Transfer. A major commitment of resources has been provided for the creation of an effective infrastructure for the transfer of university-generated technology to the community. This will enable the university to make a significant contribution to Hawaii's future economic development not only in such fields as biotechnology and software engineering, but also in tropical agriculture, natural energy, and ocean resources.

Core Needs. Notwithstanding the other budgetary initiatives for the university, the fundamental mission of creating a "rainbow of opportunity" of all of Hawaii's post-high school students has not been forgotten. Your Committee has provided \$236,000 for the expansion of minority recruitment programs to strengthen the diversity of the student population and \$275,000 for additional academic advisors at the University of Hawaii at Manoa to address the counseling needs of community college transfers, minority matriculants, and returning and other non-traditional students. To improve the

basic learning environments for undergraduate students at the various campuses, your Committee has provided the community colleges with \$4.4 million for repair and maintenance of educational facilities.

CULTURE AND RECREATION

The primary purpose of the Culture and Recreation program is to enrich the lives of people of all ages by preserving opportunities and facilities for cultural events, including ethnic celebrations, concerts, and public broadcasting; and recreational activities, including the use of State parks, the Aloha Stadium, and ocean based activities. To this end, your Committee has made funds available to support various organizations. Funds were appropriated to expand use of public television; to establish a moving image inventory to record Hawaii's cultural and historical legacy; to sponsor special events; and to improve and maintain state parks and other recreational areas.

PUBLIC SAFETY

The passage of Act 338 by the 1987 State Legislature created the Department of Corrections and merged the Intake Service Centers (SOC 394) into other components of the DOC. The transfer of program identifications from the Department of Social Services and Housing to the newly-created Department of Corrections (DOC) has been made pursuant to this act.

Priority in the DOC has been given to items relating to consent decree compliance with the main areas of concern being health, sanitation, and safety. Funding was provided for an increase in medical coverage and educational/vocational programs due to the increased number of inmates because of transfers from OCCC. Your Committee has also provided funds for the improvement and upgrade of the correctional facilities statewide.

INDIVIDUAL RIGHTS

Protection of the Consumer from Unfair Business Practices. Serving individual customers and businesses efficiently has been the main purpose of this subprogram. To this end, your Committee has made funds available to review interest rate filings; reduce the backlog in the Documents Processing Branch of the Business Registration division; and fund a "one-stop office" to field all questions relating to consumer protection.

GOVERNMENT WIDE SUPPORT

Hawaii is a small state in the middle of a large ocean. In order for Hawaii to become a leader in the Pacific, we must be resourceful and innovative in streamlining government operations and becoming more responsive to community needs. Accordingly, enhanced coordination and information-sharing between departments is crucial.

Telecommunication. Funds have been provided to develop the backbone of a statewide microwave system which will provide multichannel data, facsimile capability, video, and voice transmission. This will improve voice communication services to the neighbor islands and develop an network management system that would provide quality and dependable signals. This system would provide state agencies, especially those providing emergency and security services, with an efficient means of communication. The Department of Education and the University of Hawaii would benefit from this alternative means of communication for administrative as well as educational purposes.

Funds have been provided for the development of video conference centers as a cost-effective alternative to business travel. With the implementation of this system, continuing education programs, training, and interactive meetings can improve the effectiveness and productivity of Hawaii's state government. The video conference centers will also be used for communications between Hawaii and the Pacific and Asia, thus making Hawaii a leader in the use of this technology.

Taxation. Your Committee is concerned with what is apparently a significant number of individuals who should, but do not, pay taxes to the State. Funds have been provided for an integrated computerized system to help detect noncompliance. The system will link the General Excise and Withholding (GEW), Comprehensive Net Income Tax (CNIT), and the Transient Accommodations Tax (TAT) programs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2081, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Cavasso.

SCRep. 831-88 Finance on H.B. No. 3102

The purpose of this bill is to amend Act 218, Session Laws of Hawaii 1987, to provide supplemental appropriations to the Office of Hawaiian Affairs (OHA) for fiscal year 1988-89.

Your Committee carefully examined the supplemental budget request submitted by OHA and made provisions for those program activities which were more clearly focused toward achieving OHA's objectives. In its deliberations, your Committee remained cognizant of the areas of concern which were addressed through the appropriations in Act 218, and made supplemental appropriations relevant to furthering efforts toward these ends.

Furthermore, in response to the current and projected growth in land acquisitions by OHA, your Committee provided the resources necessary to meet the related increase in demand for administrative and legal services and to initiate the development of a land management plan which is both legally appropriate and culturally sensitive to Hawaiian values.

Your Committee recognizes the efforts of OHA to implement the recommendations of the 1986 management audit, specifically with respect to reaffirming the policy making role of the board and the development of program objectives and goals. However, your Committee recommends that OHA increase its efforts to improve its working relationship with other public and private agencies, including the Department of Hawaiian Home Lands, Alu Like, the Department of health, the University of Hawaii, and others. In addition to eliminating the duplication and overlapping of services, greater cooperation would foster increased and improved services for Hawaiians and native Hawaiians, notably in the provision of pilot projects and new ventures.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3102, as amended herein, and recommends that it pass Second reading in the form attached hereto as H.B. No. 3102, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 832-88 Finance on H.B. No. 2483

The purpose of this bill is to provide for a supplemental appropriation to the Judiciary for the 1988-1989 fiscal year.

In reviewing the supplemental budget of the Judiciary, your Committee carefully examined each item, keeping in mind the overall objectives and outcomes desired based on the planning, programming and budgeting system of the State.

Your Committee funded organizational changes to enable the Judiciary to begin to address the administrative and managerial problems inherent to a growing organization. Your Committee also realizes the importance of adequate personnel, and therefore funded positions to enable the Judiciary to be accountable and consistent in their purchasing and fiscal operations.

Cognizant of the need for modernization of the courts, your Committee funded equipment for office automation, technical support, and overall coordination. To this end, funding was provided for equipment and software for transcription of court reports, efficient processing of citations for the Traffic Violations Bureau, automation and networking of the circuit courts in the second and third circuit, and enhancement of the Planning and Statistics Office.

Realizing the important role the family courts play in the judicial system as well as in our communities, your Committee funded the establishment of family court judges and related support staff to accommodate the increasing number of family court cases in the second and third circuits.

Your Committee has supported the efforts of the Judiciary in filling position vacancies by authorizing the conversion of several temporary positions to permanent in the hopes that it will enable the Judiciary to recruit personnel and maintain an appropriate level of staffing to provide essential services to the citizens of our State.

Your Committee, after examining the supplemental requests of the Judiciary, has made the appropriate adjustments and also incorporated some of the recommendations suggested by your Committee on Judiciary.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2483, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2483, H.D. 2.

Signed by all members of the Committee.

SCRep. 833-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2036

The purpose of this bill is to repeal Act 38, Session Laws of Hawaii 1984 which authorizes transfer of certain parks between the City and County of Honolulu and the State of Hawaii. Act 335, Session Laws of Hawaii 1987, accomplishes the same purpose with greater flexibility.

Your Committee heard testimony from the Department of Land and Natural Resources in favor of this bill. This bill is similar to H.B. No. 2255 which was heard and passed out by this Committee.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2036 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee

SCRep. 834-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2044

The purpose of this bill is to repeal Section 5-11, HRS.

Your Committee heard testimony from the Office of Hawaiian Affairs in support of this bill.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2044 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 835-88 Water, Land Use, Development and Hawaiian Affairs; Tourism; Housing and Community Development; Transportation; and Ocean and Marine Resources on H.R. No. 39

The purpose of this resolution is to request the Office of State Planning to prepare an action plan to increase the amount of harbor space available for commercial maritime use and for long-term public benefit by acquiring federal and privately-owned lands adjacent to Honolulu Harbor.

If Honolulu Harbor is to be fully developed as a vital sector of the city serving the economic, maritime, cultural and recreational needs of this State, your Committees find that several key federal and privately-owned parcels should be acquired to provide the State with increased options and opportunities to plan for these new uses. Among these parcels are the Coast Guard Station on Sand Island, the Kapalama Military Reservation, Pier 4, and Chevron's Bulk Fuel Storage Area.

The Office of State Planning testified that the action plan would be a necessary component of its overall waterfront planning effort and fully concurred with the directions established by this resolution. Additionally, your Committees have incorporated a requirement for full community participation and input in the development of the action plan.

Your Committees on Water, Land Use, Development and Hawaiian Affairs; Tourism; Housing and Community Development; Transportation; and Ocean and Marine Resources concur with the intent and purpose of H.R. No. 39, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 39, H.D. 1.

Signed by all members of the Committees except Representatives Hirono, Honda, Horita, Kanoho, Kotani, Peters, Cavasso, Hemmings, Jones and Marumoto.

SCRep. 836-88 Water, Land Use, Development and Hawaiian Affairs; Transportation; Housing and Community Development; Tourism; and Ocean and Marine Resources on H.C.R. No. 35

The purpose of this concurrent resolution is to request the Office of State Planning to prepare an action plan to increase the amount of harbor space available for commercial maritime use and for long-term public benefit by acquiring federal and privately-owned lands adjacent to Honolulu Harbor.

If Honolulu Harbor is to be fully developed as a vital sector of the city serving the economic, maritime, cultural and recreational needs of this State, your Committees find that several key federal and privately-owned parcels should be acquired to provide the State with increased options and opportunities to plan for these new uses. Among these parcels are the Coast Guard Station on Sand Island, the Kapalama Military Reservation, Pier 4, and Chevron's Bulk Fuel Storage Area.

The Office of State Planning testified that the action plan would be a necessary component of its overall waterfront planning effort and fully concurred with the directions established by this concurrent resolution. Additionally, your Committees have incorporated a requirement for full community participation and input in the development of the action plan.

Your Committees on Water, Land Use, Development and Hawaiian Affairs; Transportation; Housing and Community Development; Tourism; and Ocean and Marine Resources concur with the intent and purpose of H.C.R. No. 35, as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 35, H.D. 1.

Signed by all members of the Committees except Representatives Hirono, Horita, Kotani, Peters, Cavasso, Hemmings, Jones and Marumoto.

SCRep. 837-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3310

The purpose of this bill is to allow the Department of Land and Natural Resources to charge and collect hunting application fees in addition to selling hunting licenses.

Your Committee has received favorable testimony on the bill from the Department of Land and Natural Resources and several sporting organizations. The Department of Land and Natural Resources testified the fees would help defray the cost of special hunting programs and would help filter out applicants who are not serious about participating, thereby reducing administrative costs.

Your Committee has amended the bill by making technical, nonsubstantive changes to correct typing errors.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3310, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3310, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 838-88 Water, Land Use, Development and Hawaiian Affairs and Higher Education and the Arts on H.R. No. 38

The purpose of this resolution is explained in the title.

Your Committees heard testimony from the University of Hawaii in favor of this resolution, but the Sierra Club, Audubon Society, and the Committee for Space Activities Economic Support all expressed concern about the identification of Hale Pohaku as a possible site for the center.

Your Committees, too, are concerned about the advisability of encouraging large groups to visit the Hale Pohaku site, both from a standpoint of safety on steep roads and from a standpoint of potential impact on surrounding mamane forests which have been designated prime habitat of the Palila.

Therefore, your Committees have amended the resolution by removing reference to the mid-level facility at Hale Pohaku. To the extent it is still considered, we suggest that the impact of heavy visitor use be seriously examined, both in terms of the primary function of Hale Pohaku as an acclimatization station for astronomers before they proceed up the mountain, and in terms of environmental impacts.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Higher Education and the Arts concur with the intent and purpose of H.R. No. 38, as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 38, H.D. 1.

Signed by all members of the Committees.

SCRep. 839-88 Water, Land Use, Development and Hawaiian Affairs and Higher Education and the Arts on H.C.R. No. 36

The purpose of this concurrent resolution is explained in the title.

Your Committees heard testimony from the University of Hawaii in favor of this resolution, but the Sierra Club, Audubon Society, and the Committee for Space Activities Economic Support all expressed concern about the identification of Hale Pohaku as a possible site for the center.

Your Committees, too, are concerned about the advisability of encouraging large groups to visit the Hale Pohaku site, both from a standpoint of safety on steep roads and from a standpoint of potential impact on surrounding mamane forests which have been designated prime habitat of the Palila.

Therefore, your Committees have amended the resolution by removing reference to the mid-level facility at Hale Pohaku. To the extent it is still considered, we suggest that the impact of heavy visitor use be seriously examined, both in terms of the primary function of Hale Pohaku as an acclimatization station for astronomers before they proceed up the mountain, and in terms of environmental impacts.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Higher Education and the Arts concur with the intent and purpose of H.C.R. No. 36, as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 36, H.D. 1.

Signed by all members of the Committees.

SCRep. 840-88 Agriculture on H.R. No. 35

The purpose of this measure is to commend the United States Department of Agriculture in their work to eradicate fruit flies in Hawaii.

Fruit flies have hindered the development of Hawaii's fruit crop export industries, as well as diversified agriculture, because of quarantine restrictions placed on our agricultural products by other states and countries.

Your Committee received testimony in support of this Resolution from the Board of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, and the Environmental Center located at the University of Hawaii at Manoa.

Your Committee finds that no one eradication method is likely to be 100 per cent successful and that continuing research into various eradication techniques must be supported if the fruit fly is to be banished from our State.

Your Committee further finds that eradication of fruit flies would remove a major constraint to Hawaii achieving its agricultural potential.

Your Committee has amended this measure to include mention of the eradication project on Maui. Technical nonsubstantive amendments have also been made for purposes of style and clarity.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 35, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 35, H.D. 1.

Signed by all members of the Committee.

SCRep. 841-88 Agriculture on H.C.R. No. 32

The purpose of this measure is to commend the United States Department of Agriculture in their work to eradicate fruit flies in Hawaii.

Fruit flies have hindered the development of Hawaii's fruit crop export industries, as well as diversified agriculture, because of quarantine restrictions placed on our agricultural products by other states and countries.

Your Committee received testimony in support of this Concurrent Resolution from the Board of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, and the Environmental Center located at the University of Hawaii at Manoa.

Your Committee finds that no one eradication method is likely to be 100 per cent successful and that continuing research into various eradication techniques must be supported if the fruit fly is to be banished from our State.

Your Committee further finds that eradication of fruit flies would remove a major constraint to Hawaii achieving its agricultural potential.

Your Committee has amended this measure to include mention of the eradication project on Maui. Technical nonsubstantive amendments have also been made for purposes of style and clarity.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 32, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 32, H.D. 1.

Signed by all members of the Committee.

SCRep. 842-88 Consumer Protection and Commerce on S.B. No. 21

The purpose of this bill is to provide the Motor Vehicle Repair Board with greater flexibility to select the format for certification testing. The bill will not affect the Board's current examination since the portions deleted are contained in the Board's rules. The bill also deletes outdated references and makes changes consistent with legislation enacted in 1986.

Your Committee received favorable testimony on this bill, especially with respect to the flexibility given to the Board on the issue of "practical" examination for a mechanic's license. Testimony indicated that this particular requirement currently creates a hardship for Neighbor Island mechanics.

Your Committee deleted the requirement that the Board notify the Legislative Auditor, the Department of Commerce and Consumer Affairs, and the House and Senate Committees on Consumer Protection and Commerce, if the Board elects to discontinue the practical examination.

Your Committee understands that one of the purposes of this bill is to eliminate the practical examination while continuing to ensure that only qualified motor vehicle mechanics are licensed in this state.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 21, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 21, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 843-88 Consumer Protection and Commerce on S.B. No. 70

The purpose of this bill is to clarify the language of section 514A-94(a), Hawaii Revised Statutes.

Your Committee finds that without the clarifying changes proposed by this bill, a person could conceivably argue in court that an association of apartment owners is not entitled to collect costs incurred in enforcing the rules of the Real Estate Commission, a mischief which this measure will prevent.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 70, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 844-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3277

The purpose of this bill is to require that tax maps identify historic properties listed in the Hawaii or National Registers of Historic Places.

Your Committee heard favorable testimony from the Department of Land and Natural Resources, from the Office of Hawaiian Affairs, and from the County of Hawaii.

In addition, your Committee recognizes great concern for the many sites which were removed from the State Register in 1980 for technical reasons only, and which have been neither reviewed nor redesignated since.

Your Committee has amended this bill to require that both currently listed and previously listed sites be identified on the tax key maps. In addition, your Committee has mandated redesignation of sites previously on the Hawaii Register of Historic Places. Recognizing the land owners' right of due process, your Committee has provided that the department of land and natural resources shall notify all property owners within 180 days of the effective date of this measure that sites on their property have been placed on the Hawaii Register, and those property owners then shall have a right to appeal the designation and request a review of the designation.

Inasmuch as the proposed amendment would effect major changes to this bill, your Committee feels that an additional hearing for this bill, in its amended form, should be scheduled. Without the amendment providing the revised contents of this bill, members of the public cannot be apprised of what the amended bill specifically purports to do. Thus, your Committee finds that a hearing for the amended form of the bill is necessary.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3277, as amended herein, and recommends that it be recommitted to the Committee on Water, Land Use, Development and Hawaiian Affairs for the purpose of holding a public hearing thereon, in the form attached hereto as S.B. No. 3277, H.D. 1.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 845-88 Labor and Public Employment and Consumer Protection and Commerce on S.B. No. 1170

The purpose of this bill is to provide the comptroller with the responsibility and authority to operate a comprehensive risk management and insurance program for the state government, excluding workers' compensation and public employee benefit programs which are covered elsewhere in the statutes.

Presently, State agencies can independently acquire insurance, and insurance acquisition is often handled by persons who are not experienced in risk management and who are assigned to manage risk on a part-time basis. In the past seven years, state agencies have expended over \$9.5 million in premiums for various property and liability insurance policies which have paid less than \$0.5 million in settlements. Additionally, over \$20 million in property losses and liability claims were paid out by the State without adequate efforts to control these losses.

The bill repeals Chapter 41, Hawaii Revised Statutes, dealing with state insurance administration, and adds a new chapter thereto on state risk management and insurance administration to clearly specify the comptroller's authority in this area.

The bill also proposes the transfer of \$10.2 million for fiscal year 1987-1988 and \$10.7 million in fiscal year 1988-1989, from other acts to the state risk management revolving fund. This bill also requires that an additional \$5 million in both fiscal year 1987-1988 and 1988-1989 be deposited to the revolving fund from general revenues of the State of Hawaii to carry out the purposes of this act.

Your Committees have revised the transfer of funds from other acts to the state risk management revolving fund to include only \$6.5 million for fiscal year 1988-1989, as recommended by the Comptroller. Further, the Committees have deleted the additional \$5 million in both fiscal years 1987-1988 and 1988-1989 for better utilization of these funds rather than for the establishment of contingency reserves as proposed in the bill.

Your Committees also removed provisions in the bill relating to the settlement of tort claims (Section 662-11, HRS) since these provisions are being addressed by the Attorney General in H.B. 3558 on Relating to Claims Involving the State.

Lastly, your Committees have made technical amendments which have no substantive effect.

Your Committees on Labor and Public Employment and Consumer Protection and Commerce are in accord with the intent and purpose of S.B. No. 1170, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1170, S.D. 2, H.D. 1, and be referred to the House Committee on Finance.

Signed by all members of the Committees.

SCRep. 846-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3226

The purpose of this bill is to include natural area reserves among the responsibilities of DLNR for primary wildland fire control, and to set up procedures for the temporary appointment of District Fire Wardens.

Your Committee heard testimony from the Natural Area Reserves Commission. We have amended the bill by making nonsubstantive changes for the purposes of style and clarity. Also, we amended the references to "state forester" to read "administrator of forestry and wildlife" to be consistent with Chapter 183-3, HRS.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3226, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3226, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 847-88 Housing and Community Development on S.B. No. 2595

The purpose of this bill is to appropriate funds for capital improvement projects and operational costs for Hawaii's Main Street Development Program.

Along with the decline of the sugar and pineapple industries, small towns have also declined. The residents of these small towns are trying to make a living, but require the assistance from the larger community.

Main Street Development Programs provide training, technical assistance, and resource services to the residents of these small towns. Along with the training, the Main Street Development Program also provides community development programs between public and private sectors. Such community development programs include the installation of street lighting, parks, senior centers, streetscapes, and sidewalks.

The funds would provide for the systematic coordination of public and private sector improvements being made to small towns. The bill further states that the counties would be required to match 20 per cent of the funds the State allots for each town's improvements or for the purpose for which the sum was appropriated.

Upon further consideration, your Committee has amended this bill by increasing the amount appropriated for:

1. capital improvement projects from \$1 to \$2,000,000; and
2. operational costs from \$1 to \$250,000.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 2595, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2595, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 848-88 Housing and Community Development on S.B. No. 3197 (Majority)

The purpose of this bill, as received, is to establish a graduated conveyance tax on transfers of interests in real property.

Presently, transfer of interest in real property is subject to a flat rate of 5 cents per \$100. This bill proposes to establish a graduated rate, providing for an unspecified amount to be credited to the general fund and the excess funds to be deposited into the rental assistance revolving fund.

The State Department of Taxation and the Housing Finance and Development Corporation testified in support of this measure, stating that housing assistance would be allocated to projects proposed for all counties to help assist qualified families to make rent payments, or to meet other housing and shelter needs.

Your Committee has amended the bill as follows:

1. the conveyance tax rate would not be increased for properties for which consideration to be paid is \$150,000 or less;
2. the conveyance tax rate would be increased to \$0.10/\$100 for all properties for which consideration to be paid is between \$150,001 and \$250,000;
3. the conveyance tax rate would increase to \$0.40/\$100 for all properties for which consideration to be paid is between \$250,001 and \$500,000;
4. the conveyance tax rate would increase to \$1.50/\$100 for all properties for which consideration to be paid is over \$500,000;
5. the requirement that the director of finance approve the deposit of funds into the rental assistance revolving fund or other fund established under Chapter 201E.

Your Committee estimates that the proposed increase in conveyance tax rates will generate approximately \$10 million in additional revenues per year. This annual amount will be sufficient to finance rent subsidies necessary to support the projected production of 500 subsidized rental units per year, based on an estimated \$175 subsidy per unit per month.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.D. No. 3197, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3197, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

(Representatives Peters, Cavasso, Hemmings and Ribellia did not concur.)

SCRep. 849-88 Housing and Community Development on S.B. No. 3080

The purpose of this bill is to establish a State tax credit for developers of low-income housing.

Under the 1986 Federal Tax Reform Act, a new business tax credit for developers of low-income housing was established; however, there exists no comparable State tax credit.

Both the Housing Finance and Development Corporation and the Department of Taxation, stated that the establishment of a State low-income housing tax credit would provide incentives for developers to construct affordable rental housing.

Upon further consideration, your Committee has amended this bill by adding a new section to the State Income Tax Law to enable the Housing Finance and Development Corporation to expedite and facilitate the provisions required of this bill.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 3080, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3080, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 850-88 Housing and Community Development and Human Services on S.B. No. 2988

The purpose of this bill, as received, is to provide funds necessary to increase the maximum rent supplement payment under the State's rent supplement program.

Currently, the Hawaii Housing Authority makes direct rental payments to housing owners on behalf of qualified tenants. Under the Hawaii Housing Authority, the maximum monthly supplement allotted to eligible families and elderly persons is \$70 and \$90, respectively.

The Hawaii Housing Authority stated that eligible families, on the average, pay 42 percent of their gross income for housing; while the elderly pay 41 percent. Using these standards, the current monthly supplement does not accurately reflect the needs of the average recipient.

Upon further consideration, your Committees have amended the bill as follows:

1. increased the maximum monthly supplement for eligible families and elderly persons from \$100 and \$120, respectively, to \$200 for both eligible families and elderly persons;
2. increased the amount appropriated from \$1 to \$2,000,000; and
3. amended Section 359-122, Hawaii Revised Statutes, by deleting the word "resident", to allow for a larger range of homeowner participation in the program.

Your Committees on Housing and Community Development and Human Services are in accord with the intent and purpose of S.B. No. 2988, S.D. 2, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2988, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 851-88 Judiciary on H.R. No. 9

The purpose of this resolution is to request the Legislative Reference Bureau to study the feasibility of providing for public records indexes such as a state register, a code of state regulations, and similar publications.

Your Committee finds that the State lacks uniform reference documents to assist the public in obtaining certain categories of information including but not limited to rules, hearing notices, and the like. The creation of indexes for such categories of information would further the State's policy, as declared by the Legislature, of providing public access to the processes of formulating public policy and would be consistent with other states and the federal government which already provide such reference documents.

Your Committee on Judiciary concurs with the intent and purpose of H.R. No. 9 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representative Jones.

SCRep. 852-88 Judiciary on H.C.R. No. 6

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the feasibility of providing for public records indexes such as a state register, a code of state regulations, and similar publications.

Your Committee finds that the State lacks uniform reference documents to assist the public in obtaining certain categories of information including but not limited to rules, hearing notices, and the like. The creation of indexes for such categories of information would further the State's policy, as declared by the Legislature, of providing public access to the processes of formulating public policy and would be consistent with other states and the federal government which already provide such reference documents.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 6 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 853-88 Judiciary on H.R. No. 10

The purpose of this bill is to request the Legislative Reference Bureau to study the concept of a statewide data bank or centralized information system for the State.

Your Committee finds that the State presently lacks any form of centralized storage of and access to multiple agency information. Providing a centralized information system, as in the form of a statewide data bank, would make it possible to determine the extent and possible uses of the available information and would further the State's policy, as declared by the Legislature, of providing public access to the processes of formulating public policy.

Your Committee on Judiciary concurs with the intent and purpose of H.R. No. 10 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 854-88 Judiciary on H.C.R. No. 7

The purpose of this bill is to request the Legislative Reference Bureau to study the concept of a statewide data bank or centralized information system for the State.

Your Committee finds that the State presently lacks any form of centralized storage of and access to multiple agency information. Providing a centralized information system, as in the form of a statewide data bank, would make it possible to determine the extent and possible uses of the available information and would further the State's policy, as declared by the Legislature, of providing public access to the processes of formulating public policy.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 7 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 855-88 Judiciary on H.R. No. 11

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study of the various federal and state statutes relating to the retention and dissemination of records maintained by public archives and to recommend solutions and propose legislation on these matters with respect to the state archives.

Your Committee finds that there exists little statutory guidance for regulating the retention and dissemination of private and public information maintained by the state archives. It would be appropriate to analyze the need for such statutory guidance and to consider how other states and the federal government have addressed this need with respect to their public archives.

Your Committee on Judiciary concurs with the intent and purpose of H.R. No. 11 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 856-88 Judiciary on H.C.R. No. 8

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study of the various federal and state statutes relating to the retention and dissemination of records maintained by public archives and to recommend solutions and propose legislation on these matters with respect to the state archives.

Your Committee finds that there exists little statutory guidance for regulating the retention and dissemination of private and public information maintained by the state archives. It would be appropriate to analyze the need for such statutory guidance and to consider how other states and the federal government have addressed this need with respect to their public archives.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 8 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 857-88 Agriculture on H.R. No. 74

The purpose of this resolution is to request the Department of Health to conduct a follow-up health study of former irradiator workers regarding the accidental release of radioactive material.

Your Committee finds that there was an accidental release of radioactive material in 1967 at the Hawaii Development Irradiator located at Fort Armstrong in Honolulu.

Your Committee also finds that although undue radiation exposure resulting from the spill seems unlikely, a retrospective study may be helpful in addressing current concerns.

Your Committee has amended this resolution to require the Department of Health to make a preliminary report to the Legislature by April 1, 1988.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 74, as amended herein, and recommends that it be referred to the Committee on Health, in the form attached hereto as H.R. No. 74, H.D. 1.

Signed by all members of the Committee.

SCRep. 858-88 Agriculture on H.R. No. 34

The purpose of this resolution is to request those airlines serving Hawaii to serve Hawaiian products to passengers flying to and from Hawaii.

Recent economic diversification efforts have resulted in the expansion of state sales and marketing programs traditionally oriented towards hotel accommodations and vacation packages to include the promotion of products produced, grown, manufactured, or made in Hawaii. Your Committee finds that one of the most effective sales and marketing techniques is the offering of free samples to potential consumers, as experience has indicated that once people are made aware of the positive attributes of a product, they are in a better position to make future discretionary purchases of the product sampled.

Your Committee finds that this resolution will increase international awareness of those products that have their origin from this state. This awareness will benefit Hawaii's agricultural sector, and it will advance the State's efforts toward economic diversification.

Your Committee received testimony in favor of this resolution from the University of Hawaii College of Tropical Agriculture and Human Resources, the Board of Agriculture, and the Department of Business and Economic Development.

Your Committee has amended this resolution to request the Governor's Agriculture Coordinating Committee to identify public-private sector collaboration efforts needed to fulfill the goal of this measure.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 34, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 34, H.D. 1.

Signed by all members of the Committee.

SCRep. 859-88 Agriculture on H.C.R. No. 31

The purpose of this concurrent resolution is to request those airlines serving Hawaii to serve Hawaiian products to passengers flying to and from Hawaii.

Recent economic diversification efforts have resulted in the expansion of state sales and marketing programs traditionally oriented towards hotel accommodations and vacation packages to include the promotion of products produced, grown, manufactured, or made in Hawaii. Your Committee finds that one of the most effective sales and marketing techniques is the offering of free samples to potential consumers, as experience has indicated that once people are made aware of the positive attributes of a product, they are in a better position to make future discretionary purchases of the product sampled.

Your Committee finds that this concurrent resolution will increase international awareness of those products that have their origin from this state. This awareness will benefit Hawaii's agricultural sector, and it will advance the State's efforts toward economic diversification.

Your Committee received testimony in favor of this concurrent resolution from the University of Hawaii College of Tropical Agriculture and Human Resources, the Board of Agriculture, and the Department of Business and Economic Development.

Your Committee has amended this concurrent resolution to request the Governor's Agriculture Coordinating Committee to identify public-private sector collaboration efforts needed to fulfill the goal of this measure.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 31, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 31, H.D. 1.

Signed by all members of the Committee.

SCRep. 860-88 Housing and Community Development on S.B. No. 3188

The purpose of this bill is to make several "housekeeping" amendments to Chapter 201E, Hawaii Revised Statutes.

Act 337, Session Laws of Hawaii 1987, which created the State Housing Finance and Development Corporation, repealed certain provisions of Chapters 356, 359, and 359G, Hawaii Revised Statutes, and consolidated and recodified those provisions into Chapter 201E, Hawaii Revised Statutes. This bill seeks to correct and clarify certain provisions of Chapter 201E.

Specifically, the word "chapter" in Section 201E-204 is replaced with the word "part". The creation and uses of the Dwelling Unit Revolving Fund, which were previously addressed in Section 359G-10, Hawaii Revised Statutes, are now contained in Section 201E-204. However, the new section still makes reference to the repealed "chapter" (Chapter 359G, Hawaii Revised Statutes), rather than the new "part" (Part III of Chapter 201E).

This bill also revises Section 201E-204 by deleting references to elderly persons. This section addresses the appropriate uses of the Dwelling Unit Revolving Fund, which include but are not limited to the construction of housing projects for the elderly and the related expansion of community services for the elderly. Deletion of references to the elderly will more accurately reflect the current scope of the Housing Finance and Development Corporation's housing development program, and will not exclude housing projects and community facilities for the elderly.

This measure also allows the Housing Finance and Development Corporation to develop economically integrated housing projects without necessarily having to enter into agreements with private developers. This authorization was previously provided under Section 359G-10.5, Hawaii Revised Statutes, prior to being repealed by Act 337.

Your Committee has amended this measure as follows:

1. By incorporating two additional housekeeping amendments to set forth in the Hawaii Revised Statutes what the Housing Finance and Development Corporation is legally authorized to do.

As previously stated, during the 1987 Legislative Session, Act 337 established Chapter 201E, Hawaii Revised Statutes, and concomitantly repealed parts of Chapters 356 and 359, as well as Chapter 359G, Hawaii Revised Statutes, in its entirety. Provisions in these affected chapters were transferred from the Hawaii Housing Authority to the newly created Housing Finance and Development Corporation.

Section 23 of Act 337 specifically provides that: "Any amendment made by an act of the Regular Session of 1987 to a provision of the Hawaii Revised Statutes administered by the Hawaii housing authority which is reenacted and made applicable to the housing development and finance corporation (sic) by the new chapter in section 15 of this Act, shall be an amendment to the new chapter." However, provisions in Acts 313 and 99 of 1987 were not included in Chapter 201E because the Revisor of Statutes believes that he does not have the authority to interpret law; the Revisor can only codify the law. The additional housekeeping amendments proposed in this measure would avoid unnecessary controversy with regard to the Housing Finance and Development Corporation's legal authority to carry out the provisions set forth in the two acts.

- a. Act 313 of 1987 allows the use of the State's Rental Assistance Program to subsidize rents in projects developed and financed by the Hawaii Housing Authority (now Housing Finance and Development Corporation). Amendments reflected in Act 313 which affect Sections 356-302 and 356-303, Hawaii Revised Statutes, are reflected in this measure as amendments to Sections 201E-131 and 201E-132, Hawaii Revised Statutes. Your Committee has also amended Sections 201E-133 and 201E-134, Hawaii Revised Statutes, for purposes of consistency.
 - b. Act 99 of 1987 allows the Hawaii Housing Authority (now Housing Finance and Development Corporation), on a case-by-case basis, to waive the buy-back restrictions on certain units without these restrictions being reinstated after the transfer of title; and to extinguish the buy-back restrictions when a 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. Amendments to Sections 359G-9.2 and 359G-9.3, Hawaii Revised Statutes, are reflected in this measure as amendments to Section 201E-221 and 201E-222, Hawaii Revised Statutes.
2. Your Committee has also amended this bill by incorporating a change in the State Rental Assistance Program. We are proposing a slight change to the income structure of tenants in a project financed through the Rental Assistance Revolving Fund as follows:
 - a. For "eligible tenants" (who would constitute at least 20 percent of a rental project), the income limit would be changed from "low or moderate income as determined by the Secretary of the United States Treasury Department in accordance with the Internal Revenue Code of 1954, as amended" to those "whose incomes do not exceed 80 percent of the area median income as determined by the United States Department of Housing and Urban Development." Your Committee finds that these two income limits

target essentially the same group; however, the latter is simpler and more easily understood. In fact, the former definition makes reference to the "policies of the Housing and Urban Development Act of 1968"

- b. For the units in a project which are not occupied by eligible tenants earning 80 percent or less of the area median income, Your Committee proposes deletion of income limits. Currently, these remainder units are maintained for families who meet the income limits established for the Hula Mae Program.

Your Committee believes that this amendment will provide a safeguard that rental units in a project are not left vacant as a result of the lack of qualified tenants meeting the income requirements. It is important to note that this does not preclude the Housing Finance and Development Corporation from establishing priorities by income categories on a project-by-project basis.

3. Finally, Your Committee has amended this bill by including a \$10,000,000 appropriation for the Rental Assistance Revolving Fund, and has changed the effective date of this Act to July 1, 1988.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 3188, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3188, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cavasso.

SCRep. 861-88 Housing and Community Development on S.B. No. 3195

The purpose of this bill is to create a "homes revolving fund" for the development of affordable housing programs, and to amend Section 201E-204, Hawaii Revised Statutes, to facilitate the responsibilities delegated by this bill.

This bill proposes to establish a revolving fund to be administered by the Housing Finance and Development Corporation to help relieve the affordable housing shortage by opening up large tracts of land for private and governmental development and financing the needed infrastructure system and attaining the needed permits, variances, and zoning changes.

The Housing Finance and Development Corporation and the Executive Office on Aging supported the bill stating that it will promote affordable housing. The Housing Finance and Development Corporation further stated that, with the State's initial investment, private developers would be able to construct affordable housing units with a substantial reduction in risk.

Upon further consideration, your Committee has amended this bill by increasing the amount appropriated to the Homes Revolving Fund from \$1 to \$120,000,000.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 3195, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 3195, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 862-88 Agriculture on S.B. No. 2833

The purpose of this bill is to amend Section 237-4, Hawaii Revised Statutes, by clarifying the provisions covering sales at wholesale.

According to testimony by the Department of Taxation, this bill is housekeeping in nature and your Committee is in agreement that this phrase corrects the omission.

Your Committee changed the proposed phrase "segregated charge for the feed" to "segregated cost of the feed."

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2833, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2833, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 863-88 Agriculture on S.B. No. 3042

The purpose of this bill is to appropriate funds for a shrimp aquaculture demonstration project which would utilize some of the substantial equipment, water, land and labor resources currently devoted to sugar production.

At the present time, the sugar industry is looking into new and innovative agronomic practices, different and efficient refining practices, innovative uses of the sugar plant and attendant waste products, and the development of other crops and products. The principal objective of the proposed project is to demonstrate the economic viability of diversifying Hawaii's sugar industry.

Your Committee has amended this bill to reflect that the sum appropriated shall be expended by the Department of Land and Natural Resources.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3042, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3042, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 864-88 Agriculture on S.B. No. 3107

The purpose of this bill is to amend Section 155-15, Hawaii Revised Statutes, by authorizing the Department of Agriculture to assist independent sugar growers with direct loans for crop production expenses.

The bill authorizes the Department of Agriculture to amend the terms of the loan made to the United Cane Planters Cooperative, pursuant to Act 183, Session Laws of Hawaii 1972, by reducing the interest rate charged on the remaining balance due on the loan from 5 per cent to 1 per cent.

Your Committee received testimony from the Hawaii Farm Bureau Federation, the Dean of the University of Hawaii College of Tropical Agriculture and Human Resources, the Independent Cane Growers, and the Chairperson of the Board of Agriculture.

Your Committee finds that independent sugar growers are an important component of the sugar industry and of associated communities. Growers of sugar, and particularly those on unirrigated farms, are subject to factors of the weather over which they have no control. While risks are part of farming, there are times when a number of negative factors come into conjunction and special action may be required.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3107, 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. 865-88 Agriculture on S.B. No. 3163

The purpose of this bill is to amend Section 164-1 of the Hawaii Revised Statutes to add the Department of Health to the State agencies represented on the Governor's Agriculture Coordinating Committee.

The effectiveness and success of the activities of the Governor's Agriculture Coordinating Committee derives from the coordination of the capabilities, expertise, and experience of federal, state and county agencies.

The Department of Health has specific responsibilities for agricultural products and for other areas upon which agricultural practices may impact. Health issues have become more prominent in the food and agriculture arenas. It is therefore appropriate for the Department of Health to be represented on the Governor's Agriculture Coordinating Committee.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3163 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 866-88 Agriculture on S.B. No. 3095

The purpose of this bill is to authorize the issuance of special revenue bonds in an amount not to exceed \$8,000,000 to assist Hawaiian Sun Products, Inc. in constructing and equipping a plant for manufacturing products from fruits and nuts.

Your Committee finds this project has the potential to bring together private sector and public sector strengths for the development of added-value products from fruit and nut production in the State.

Your Committee further finds that in instances where risks are especially high but potential benefits are substantial, seed money from the public sector may be needed to reduce the risks to more acceptable levels.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3095, 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. 867-88 Agriculture on S.B. No. 3043

The purpose of this bill is to appropriate \$3,000,000 for fiscal year 1988-1989 for sugar research and development, provided that the Hawaiian Sugar Planters' Association provides a dollar-for-dollar match of funds.

Your Committee received testimony supporting the intent of the bill from the Board of Agriculture, the Governor's Agriculture Coordinating Committee, the Hawaiian Sugar Planters' Association and the College of Tropical Agriculture and Human Resources at the University of Hawaii at Manoa. The sugar industry is the largest agriculture industry in Hawaii and has experienced financial difficulty in recent years primarily due to unfavorable national and international sugar politics and policies.

Your Committee finds that the adverse effects of losing the sugar industry would be catastrophic to the State. Therefore the future of Hawaii's sugar industry is dependent on continuing the research efforts that has brought the industry to its unprecedented level of efficiency.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3043, 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. 868-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3277 (Majority)

The purpose of this bill is to require that tax maps identify historic properties listed in the Hawaii or National Registers of Historic Places, as well as properties which were removed from the Hawaii Register in 1980 for technical reasons. A second purpose of this bill is to establish a mechanism to restore worthy sites to the register.

Your Committee heard testimony from the Department of Land and Natural Resources, the Historic Review Board, the Historic Hawaii Foundation, the Sierra Club, and the Office of Hawaiian Affairs. The Department of Land and Natural Resources and the Review Board are reluctant to deal with the 500 sites which would be subject to recertification; other testimony was enthusiastically in support of the measure.

Your Committee expresses great concern for the many sites which were removed from the State Register in 1980 due to procedural inadequacies and which have not been reviewed since by the Hawaii Historic Places Review Board. Some of those sites have been destroyed or have lost their historical integrity. Therefore, in the ideal world, the 500 sites in question would be evaluated on a case-by-case, individual basis. But over the eight years since the wholesale deletion, little has been done with respect to the sites because of lack of manpower and other reasons. Your Committee believes it is better to err on the side of caution. We take the conservative approach, by setting up a mechanism which may put questionable sites on the Register, because we know that they can later be deleted as time permits. The alternative is to leave bona fide sites off the register, unprotected, and subject to loss forever; that is surely a less desirable alternative.

Your Committee has made several non-substantive amendments and has added a severability clause because of concern that tax maps are now under the exclusive jurisdiction of the counties; the legislature may not be able to mandate that historic sites be listed thereon without bearing the cost thereof.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3277, H.D. 1, as amended herein, and recommends that it pass second reading in the form attached hereto as S.B. No. 3277, H.D. 2, and be referred to the Committee on Finance.

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

SCRep. 869-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2295

The purpose of this bill is to establish a wildlife revolving fund under the department of land and natural resources for programs and activities relating to wildlife conservation and management.

Currently, moneys for wildlife programs and activities authorized under chapter 183D, Hawaii Revised Statutes, are derived from general fund appropriations and federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. It is the intent of your Committee that the establishment of a wildlife revolving fund and the earmarking of moneys collected for deposit into that fund are to complement and not supplant the appropriation of general funds or other funds for wildlife conservation and management. The bill provides for the funding of the wildlife revolving fund through the collection of fees (except informer's fees) for hunting licenses, etc., and moneys collected as fines for violations of laws relating to the importation, taking, catching, or killing of game, wildlife, and products thereof, and wildlife conservation.

Further, the bill provides that expenditures from the revolving fund are limited to certain programs and activities such as eligible projects under the Pittman-Robertson Federal Aid in Wildlife Restoration Act, as well as for the implementation or enforcement of authorized wildlife conservation and management programs and activities. The department of land and natural resources, however, may use moneys from the wildlife revolving fund for other purposes, provided that the department first use those funds to maximize the State's participation to secure federal funds for eligible projects under the Pittman-Robertson Act.

Your Committee believes that the establishment of the wildlife revolving fund as proposed will enable the department of land and natural resources to implement wildlife programs and activities in a more expedient manner, since the department will not be confined to the use of moneys solely from appropriations and allotments.

Your Committee has made a non-substantive amendment and has added a severability clause designed to protect Pittman-Robertson funds which could be jeopardized by this act, since this act must be reviewed by the solicitor general of the United States.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2295, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2295, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 870-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2195

The purpose of this bill is to establish a revolving loan program to stimulate agricultural business development and growth on the island of Molokai.

Your Committee received testimony from the Molokai Task Force, the Molokai Community Federal Credit Union, the Molokai Chamber of Commerce, Bill's Farm, the Molokai Farm Bureau, Bank of Hawaii-Kaunakakai Branch and the Department of Agriculture.

Your Committee has amended this act to clarify that growth of diversified agriculture is the purpose of the revolving loan fund program and has designated Maui County to be the lead administrative agency in consultation with the Department of Agriculture.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2195, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2195, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 871-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2744

The purpose of this bill is to establish a revolving loan fund for the purpose of providing low interest housing loans to holders of Kahana Valley State Park residential leases.

Your Committee heard testimony from the Department of Land and Natural Resources in support of the bill.

Your Committee has amended this bill to incorporate the wording used in H.B. No. 2444. Specifically, we replaced references to "fund" with the term "grant-in-aid", and we used current terminology in referring to the Housing Finance and Development Corporation. Your Committee also increased the amount appropriated to \$1.7 million dollars and eliminated the Kahana Valley revolving fund.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2744, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2744, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 872-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2973

The purpose of this bill is to help the City and County of Honolulu deal with the problem of shifting soils on Manoa's eastern hillside.

Your Committee heard testimony from City Councilperson Bornhorst and from many residents of the problem area.

Your Committee has amended this bill to appropriate the sum of \$4,000,000 for the purpose of helping to finance repairs to this slope.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2973, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2973, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 873-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2294

The purpose of this bill is to increase the fee for hunting licenses from \$7.50 to \$10 for residents and United States armed forces members and their families, and from \$15 to \$20 for all other persons except those who are sixty-five years of age or older.

Your Committee finds that fees for hunting licenses have not been adjusted for several years while the costs of managing the State's hunting program have increased steadily. Testimony was received from the Department of Land and Natural

Resources and from hunting organizations to the effect that increased fees should be tied to improvement in game management and hunting programs.

Your Committee recognizes many problems relating to public access and animal management which contribute to both the availability and quality of a hunting program. We believe the legislature is supporting both budget requests and legislation which are consistent with our mutual goals to improve hunting opportunities and that the license fee increases are justified.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2294 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 874-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3178 (Majority)

The purpose of this bill is to clarify the mission of the High Technology Development Corporation and to improve some aspects of HTDC operation.

Your Committee heard testimony from the High Technology Development Corporation and from the Department of Business and Economic Development.

Your Committee has amended the bill to eliminate any changes in the definition section, and has not expanded the powers of the Corporation except to agree with the need to streamline procedures for conducting repairs in an emergency. Also, we have removed Section 5 of the bill, which would have authorized the governor to modify the provisions of this act, and have modified the act to take effect on approval.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3178, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3178, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 875-88 Water, Land Use, Development and Hawaiian Affairs and Intergovernmental Relations on S.B. No. 3151

The purpose of this bill is to finance a business which has excellent potential to provide high technology employment in Hawaii. This is consistent with the purpose of special purpose revenue bonds which are a vehicle employed by the legislature to attract business to Hawaii.

Your Committee heard testimony from the Department of Business and Economic Development and from Magnetics Research International Corporation, developers of electromechanical equipment for power generation, use and storage. Your Committee believes this company represents the kind of high technology business we want in Hawaii and that the company shows great potential for growth. We have amended this bill to authorize the sale of special purpose revenue bonds in the sum of \$10 million to fund Magnetics Research International Corporation in Hawaii.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Intergovernmental Relations are in accord with the intent and purpose of S.B. No. 3151, S.D.1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3151, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 876-88 Water, Land Use, Development and Hawaiian Affairs and Agriculture on S.B. No. 3413

The purpose of this bill is to help those who are farming on month-to-month state permits to obtain long-term leases for their farms so that they can improve their properties.

H.B. No. 3137 already deals with the lease issue and will be used to address the problem of month-to-month permittees. This vehicle, S.B. No. 3413, S.D. 1, therefore can be used to address unresolved issues previously considered in H.B. No. 2409 and H.B. No. 2410, and agreed to in principle by the Committee on Water, Land Use, Development and Hawaiian Affairs and the Committee on Finance. Those two bills related to (1) exchange of lands between the Department of Land and Natural Resources and the Department of Hawaiian Home Lands, and (2) the question of fair compensation for the use of trust lands since statehood.

The Hawaiian Homes Commission Act of 1920 set aside approximately 200,000 acres of "available lands" for homesteading by native Hawaiians. However, much of the land set aside for the program from the public land inventory in 1921 was of marginal value. For example, much of the available land on the island of Hawaii is arid lava. The largest parcel of homestead land, 49,000 acres in Humuula, is located on the remote slopes of Mauna Kea, which cannot be used for agricultural purposes. Even as pastoral lands, these lands are of limited use and require large acreage and irrigation water for efficient grazing. In contrast, Congress exempted the best agricultural lands from the program, and the Territory of Hawaii continued to allow virtually all of those lands to be leased to large sugar companies.

Because of the lack of water sources, poor soils, and due to the remote locations, much of the Hawaiian home lands set aside for the program cannot be used extensively for widespread homesteading without significant capital improvements. Accordingly, the costs to develop these lands for effective homesteading in order to place the 16,000 native Hawaiians, who are on the waiting list today, would be astronomically high.

Furthermore, neither the state nor the federal government has committed enough resources to allow the kind of infrastructure improvements that would make the program successful. As a result, many qualified native Hawaiian beneficiaries have been waiting for thirty or more years for leases with no prospect of immediate lease awards. Since 1985, 2,500 people have been awarded leases to unimproved homestead lands in Makuu, Kalae, and other locations, but most are unable to utilize these leases without financial support to build or develop roads, water lines, and other improvements, to support the marginal lands they have been awarded.

Therefore, the first purpose of this bill, as amended, is to explore exchanging public lands which are better suited for homesteading, for existing Hawaiian homes commission lands. This bill also sets up a process for determining which lands would be suitable for exchange when state leases expire in the coming years.

Your Committees further find that for decades, federal, state, and county agencies have been utilizing Hawaiian home trust lands for purposes other than for the specific benefit of native Hawaiians, as defined in the Admission Act. For example, several public schools and county parks are located on Hawaiian home lands. Although some of these uses have been terminated, many of these agencies have not adequately compensated the department of Hawaiian home lands for past and/or current uses of these lands for general public purposes. This failure to compensate is a breach of the Hawaiian home lands trust, for which the State, at the time of its admission into the United States, became the trustee.

In order to fully exercise its fiduciary trust obligations, the state should compensate the department of Hawaiian home lands for the use of trust lands since statehood. This bill, as amended, directs the legislative auditor to identify trust lands used by state and county agencies for little or no compensation, to assess the value of the use since statehood, and to report its findings to the 1990 legislature.

Your Committee on Water, Land Use, Development and Hawaiian Affairs previously heard testimony on both H.B. No. 2409 and H.B. No. 2410, and agreed to the concepts, principles and essential wording incorporated herein.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Agriculture are in accord with the intent and purpose of S.B. No. 3413, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3413, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 877-88 Tourism on S.B. No. 2884

The purpose of the bill is to establish a tourism training council to monitor and coordinate government and industry activities and programs designed to develop the quality of the visitor industry workforce and to encourage opportunities for upgrading and career development for present and future visitor industry employees.

Your Committee received testimony from the Department of Business and Economic Development as well as the Department of Labor and Industrial Relations supporting this measure. Your Committee finds that the tourist industry must maintain a quality labor force in order to remain competitive with other resort areas nationally and internationally.

Your Committee on Tourism is in accord with the intent and purpose of S.B. 2884, 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. 878-88 Ocean and Marine Resources on S.B. No. 2021

The purpose of this bill is to propose an amendment to Article XI of the Constitution of the State of Hawaii to add a new section relating to Hawaii's sovereign rights in its exclusive economic zone.

Your Committee heard testimony from the Office of State Planning (OSP) and the Sierra Club, Hawaii Chapter, in support of this measure. Testimony from the OSP indicated that the amendment asserts the legal and moral legitimacy of Hawaii's rights and responsibilities to manage its EEZ resources in cooperation with the Federal government.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 2021, 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.

SCRep. 879-88 Ocean and Marine Resources on S.B. No. 3047

The purpose of this bill is to require the Department of Business and Economic Development to maintain, update, and publish annually a compendium of state ocean and marine policies.

Your Committee heard testimony from the Department of Business and Economic Development (DBED) in support of this bill. They believe that the compendium should be updated annually to reflect legislative and policy changes in Hawaii's ocean constituency.

In addition, they stated that the ocean resources branch of the DBED is the appropriate agency to carry out this task. Though the amended bill calls for an appropriation of \$30,000 to provide for staff and printing costs, the DBED felt that the need for additional resources will be recurring since the statutes will be changed to require an annual update of the compendium. The DBED recommended that the bill be further amended to include the establishment of a full-time permanent position.

Your Committee has adopted the recommendation of the DBED by amending the bill to include the establishment of one full-time permanent position in the Department of Business and Economic Development.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 3047, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3047, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 880-88 Ocean and Marine Resources on S.B. No. 2309

The purpose of this bill is to amend Chapter 46, Hawaii Revised Statutes, by adding a new section to allow the counties to provide lifeguard services for state beaches where the number of swimmers using a particular beach warrants a lifeguard and water hazards at the particular beach present a threat to public safety, provided that the county and the Department of Land and Natural Resources agree that lifeguard services are necessary for a particular beach. The bill also appropriates \$371,000 for reimbursing the counties for lifeguard services.

Representatives from the Department of Land and Natural Resources (DLNR), the City Council of the City and County of Honolulu, and the Department of Parks and Recreation of the City and County of Honolulu presented testimony in support of this measure.

The City and County of Honolulu recommended an amendment to the language of the bill to minimize the County's exposure to liability. In addition, DLNR stated that the 1987 cost figures of lifeguard services from Hawaii County (\$110,980) and the City and County of Honolulu (\$371,000) were higher than the proposed appropriation of \$371,000. The Counties of Kauai and Maui declined to provide cost figures.

Your Committee has amended the language of the bill to limit the liability and services of the county and to clarify that state beach parks would be eligible for lifeguard services. In addition, the appropriation was amended to \$481,980.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 2309, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2309, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 881-88 Ocean and Marine Resources on S.B. No. 2360

The purpose of the bill is to provide required matching funds for a federal appropriation of \$6,375,000 for a Center for Applied Aquaculture in Hawaii. The sum of \$1,000,000 for fiscal year 1988-1989 is appropriated for planning, design, and construction of a Center for Applied Aquaculture. The State funds, to be expended by the Department of Land and Natural Resources, are contingent on a signed memorandum of understanding for cooperation being executed between the President of the University of Hawaii, the Chairperson of the Department of Land and Natural Resources, and the Chairperson of the Oceanic Institute, provided that the funds may be expended for facilities at the Oceanic Institute or elsewhere.

Your Committee heard testimony from the Department of Land and Natural Resources (DLNR), the University of Hawaii (UH), and the Oceanic Institute (OI) in support of the intent of the bill.

Your Committee has amended the bill in Section 2 by deleting the memorandum of understanding between the three parties and by deleting the flexibility in location for facilities.

Your Committees on Ocean and Marine Resources and Higher Education and the Arts are in accord with the intent and purpose of S.B. No. 2360, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2360, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Pfeil.

SCRep. 882-88 Judiciary on S.B. No. 2365

The purpose of this bill is to provide for an income tax credit pursuant to Article VII, Section 6, of the State Constitution.

Specifically, this bill would provide for a tax credit of \$1 per qualified resident individual taxpayer. Testimony from the Department of Taxation indicated that the amount of the credit reduces an equivalent amount of tax liability of the taxpayer. If the credit exceeds the amount of the tax due, or if there is no tax due, the excess amount of the credit is paid to the qualified taxpayer.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 2365, 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. 883-88 Judiciary on S.B. No. 3169

The purpose of this bill is to appropriate funds to the Criminal Injuries Compensation Fund to be used in fiscal year 1988-1989 to compensate the victims of certain crimes or the dependents of deceased victims. The funds would also be used to indemnify private citizens for personal injuries or personal damages suffered in the prevention of criminal activity or the apprehension of a criminal.

The funds appropriated and deposited into the Criminal Injuries Compensation Fund shall be used for compensation and indemnification as authorized by the Criminal Injuries Compensation Commission. The Commission authorizes compensation to victims of certain crimes or to their service providers for such expenses as out-of-pocket medical costs, loss of earning power, pain and suffering. The Criminal Injuries Compensation Fund and Commission are governed by Chapter 351, Hawaii Revised Statutes.

Your Committee has received favorable testimony from the Department of Corrections and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3169 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 884-88 Judiciary on S.B. No. 2770

The purpose of this bill is to provide for deposit into the State treasury the interest realized from the special interest bearing account established by the child support enforcement agency for child support payments.

Testimony in support of this bill was received from the Department of the Attorney General. Under federal law, 45 C.F.R. §304.50, any interest, or other income earned by a State in recovering Title IV-D child support payments, must be offset against the State's right to a 68% reimbursement from the federal government of the cost of operating the Title IV-D program. Federal law also requires that the state provide the initial funding for the Title IV-D program. Deposit of the interest into the State Treasury would allow the State to replenish its initial funding to the maximum extent possible since federal reimbursement of the funding excludes the portion equivalent to the interest earned.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2770 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 885-88 Judiciary on S.B. No. 2758

The purpose of this bill is to grant to the Attorney General the authority to appoint an administrative services manager to oversee the non-legal activities and operation of the department.

The bill would further provide for the position of a secretary to assist the administrative services manager. Both the manager and the secretary would be exempt from civil service.

Your Committee received testimony in favor of this bill from the Department of the Attorney General. Testimony indicated that establishing the permanent position of an administrative services manager would alleviate the burden of non-legal administrative matters upon the Attorney General and would allow the Attorney General to focus on the provision of legal services.

Your Committee has amended the bill by removing the requirement that the administrative services manager have a minimum of three years of managerial experience in the public or private sector. Your Committee finds that this mandatory requirement may be too inflexible, but expects that the Attorney General will nevertheless appoint for this position a person who has acquired sufficient managerial experience in order to effectively perform the duties assigned by the Attorney General.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2758, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2758, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 886-88 Judiciary on S.B. No. 2764

The purpose of this bill is to clarify the responsibilities between the State and the counties to make clear that the State is responsible for the management of the computerized fingerprint identification system and to extend the period for expending and encumbering the sum appropriated for the system to the close of business on June 30, 1989.

In 1987, \$4.5 million was appropriated for the establishment of a computerized fingerprint identification system within the Hawaii Criminal Justice Data Center in the Department of the Attorney General. This sum was to be expended over a two-year period. However, as reported out of the joint conference committee, the expenditure period was erroneously limited to the 1987-1988 fiscal year. Moreover, this bill clarifies that the State and not the counties shall provide for the management of the computerized fingerprint identification system. Finally, the bill broadens the matters within the control of the State for which the State must bear financial responsibility by deleting the word "prison."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2764 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 887-88 Judiciary on S.B. No. 2063

The purpose of this bill is to increase the utilization of the Hawaii Election Campaign Fund and to encourage compliance with the voluntary campaign spending limits.

Your Committee finds that candidates for public offices have infrequently utilized the Hawaii Election Campaign Fund ("HECF") in which over \$1.6 million has accumulated. To increase utilization of the HECF and to encourage compliance with the voluntary campaign spending limits, this bill proposes an increase in the amount of money available to candidates from \$50 to \$1,000.

Your Committee has amended this bill by changing the amount of moneys available to \$1,001 and by changing the date of automatic repeal to December 31, 1990. Your Committee has also made nonsubstantive amendments to the bill for the purpose of consistency and form.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2063, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2063, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 888-88 Judiciary on S.B. No. 3392

The purpose of this bill, as received by your Committee, is to clarify the administration of grant appropriations to the Hawaii Wing, Civil Air Patrol ("Patrol") and to make appropriations for the Patrol.

Specifically, the bill provides for an annual grant appropriation, defines the parameters of grant expenditures, defines the purposes of the Patrol, and reassigns the rights, powers, and duties of the Patrol from the Department of Transportation to the Department of the Defense.

Your Committee finds that the operation of the Patrol has provided the State with aeronautical search and rescue operational support and training as needed by the United States Coast Guard Joint Rescue Coordination Center, aerial tsunami warning operational support and training as needed by civil defense agencies, general aviation safety and water survival training in coordination with the Federal Aviation Administration, and various other programs.

Your Committee has amended the bill by removing the bill's provision reassigning the rights, powers, and duties of the Patrol from the Department of Transportation to the Department of the Defense. Your Committee heard testimony in support of this amendment from representatives of the Patrol, the Department of Defense and the Department of Transportation.

Your Committee further amended the bill by making the annual grant appropriation to be in the amount of \$190,600 which includes the contribution of \$100,000 from the Honolulu Airlines Committee, requiring submission of an annual, instead of quarterly, expenditure plan in accordance with statutory requirements, requiring legislative approval for amendments to the agreement defining the Patrol's activities, making an appropriation of \$2,080,000 for the design and construction of facilities and an appropriation of \$309,000 for equipment expenditures.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3392, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3392, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 889-88 Judiciary on S.B. No. 118

The purpose of this bill, as received by your Committee, is to establish a juvenile justice information system containing information about juvenile offenders which will be used by agencies with juvenile justice responsibilities.

Your Committee finds that there is a need to improve the processing of information within the juvenile justice system in order to ensure that accurate and timely information is available to all personnel in the criminal justice system who work with juveniles. Currently, data is either transmitted on a manual basis between agencies or not shared because an agency may not be aware that another agency has the information it needs. The proposed information system will allow all agencies quicker access and more comprehensive information on a timely basis.

Your Committee has received favorable testimony from various State and County law enforcement agencies.

Your Committee has amended this bill by increasing the appropriation from \$612,000 to \$750,000. Testimony received by your Committee indicated that the higher figure was necessary to assure the successful implementation of the information system.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 118, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 118, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 890-88 Judiciary on S.B. No. 2185

The purpose of this bill is to amend section 84-35, Hawaii Revised Statutes, to allow the State Ethics Commission to determine its director's salary.

By deleting reference to the director's salary, the Commission will be able to fix the compensation of its director and all staff members within the amounts made available in its yearly budget.

The Chairperson of the State Ethics Commission testified that eighteen of twenty-three executive directors on state boards do not have salaries fixed by statute. Your Committee finds that the fixing of the salary of the Executive Director of the State Ethics Commission by statute represents an anomalous situation and should be changed to conform with the method of setting salaries of directors on other state boards.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2185, 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. 891-88 Judiciary on S.B. No. 2319

The purpose of this bill is to amend the requirements for bid deposits for public contracts.

Specifically, this bill provides for (1) the use of bid deposit instruments issued by insured credit unions, (2) a maximum bid deposit and bid forfeiture of \$2,500 for price-term, open-end, and requirement contracts, (3) a standing bid deposit of \$2,500 for price-term, open-end, and requirement contracts, and (4) the return of inactive standing deposits.

Your Committee heard testimony indicating that credit union deposits in the State are insured by the National Credit Union Administration, and that certificate of deposit issued by insured credit unions are just as secure as financial instruments issued by federally insured banks and savings institutions. By allowing this additional type of financial instrument to be used for bid deposits, the bill would facilitate the bidding process for public contracts.

Your Committee has amended the bill by adding a provision granting permanent civil service status to employees in offices which are funded by the Older American Act of 1965, Public Law 89-73, and which are situated in any county with a population of more than 100,000 but less than 250,000 persons. The provision added by your Committee would exempt these employees from the requirement of taking the civil service examination. These employees would still be entitled to all rights, benefits, and privileges earned or accrued up to the time when they are granted permanent status. Testimony was presented to your Committee which indicated that permanent civil service status is important in order to retain dedicated employees during the conversion of their positions to civil service status. Your Committee has also made technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2319, s.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2319, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 892-88 Judiciary on S.B. No. 2759

The purpose of this bill is to transfer the functions and staff of the State Law Enforcement Planning Agency (SLEPA) to the Department of the Attorney General and to dissolve SLEPA.

SLEPA currently administers federal funds received from the Justice Assistance Act, Victims of Crime Act, Drug Law Enforcement Act, and the Western States Information Network as well as state funds appropriated to the Attorney General for the Career Criminal, Victim Assistance, and the Witness Security and Protection programs. It also staffs the Juvenile Justice Interagency Board and the Governor's Committee on Crime, both of which are concerned with the coordination of system agencies.

Your Committee has received favorable testimony from the Department of the Attorney General indicating that this bill will enable the Attorney General, as chief law enforcement officer for the State, to carry out responsibilities for, and to coordinate resources relating to, criminal justice concerns.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2759, 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. 893-88 Consumer Protection and Commerce on S.B. No. 2783

The purpose of this bill is to allow captive insurance companies to sell credit life insurance and credit disability insurance for their parent organizations.

Your Committee received testimony from the Department of Commerce and Consumer Affairs that, for Hawaii to achieve recognition as the leader in the country for captive domiciles, some additional changes should be made to Hawaii's captive insurance statutes. Such changes would include a definitive statute on the appropriate premium tax to be paid by captives, clarifying that risk retention captives are included within the scope of the law, clarifying financial reporting, investment and reinsurance requirements.

Your Committee, in light of this testimony has amended this bill. After amendment, this bill will clarify ambiguities which have come to light since Chapter 431 J, Hawaii Revised Statutes has been in effect. The bill would set the premium tax for pure captive insurance companies at .25 percent and the premium tax for association captive insurance companies and risk retention captive insurance companies at 1 per cent.

The tax will be paid only on premiums received from all risks or property located within the State and upon risks and property situated elsewhere upon which no premium tax is otherwise paid, less return premiums and less reinsurance accepted. Return premiums are not intended to include dividends paid or credited to policy holders and tax on reinsurance business is payable by the direct writing insurer.

The provisions on authority as set forth in this bill will prohibit any risk retention captive insurance company from insuring any risks other than those of the insurers that comprise the risk retention group.

The bill also requires the Insurance Commissioner to establish a list of advisors to assist with the review of captive applications. In addition the bill will require all types of captive insurance companies to file yearly financial statements pursuant to generally accepted accounting principles and group and association captives to file annual statements in accordance with statutory accounting principles.

The bill also restricts the investments of association captive insurance companies to those allowed under sections 431-281 to 431-312. Pure captives would be allowed to make investments not specified in the insurance code with the approval of the Commissioner. However, the Commissioner need not approve prior to each investment by a pure captive insurance company. Your Committee has made the necessary changes to clarify this possible confusion.

The bill provides that risks ceded by any other insurer may be reinsured by any captive insurance company.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2783, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2783 S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 894-88 Consumer Protection and Commerce on S.B. No. 2780

The purpose of this bill is to provide that the Office of Consumer Protection shall be awarded reasonable attorney's fees and costs of a suit whenever judgment is entered in favor of the State in any action brought by the Office of Consumer Protection under Chapter 480, Hawaii Revised Statutes. The bill would also change the status of the Office of Consumer Protection to that of a division of the Department of Commerce and Consumer Affairs, whose executive director would be appointed by the Director of Commerce and Consumer Affairs. The bill would also provide that the powers, duties, and compensation of the executive director would be defined and fixed by the Director of the Department of Commerce and Consumer Affairs.

The bill would also remove the educational function and educational specialist positions from the Office of Consumer Protection.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2780, 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. 895-88 Consumer Protection and Commerce on S.B. No. 2603

The purpose of this bill is to encourage the development of Hawaii as an international center of financial services by exempting certain trust income from taxation. Specifically, this bill amends Section 235-4.5(b), Hawaii Revised Statutes, to exempt from the gross income of a foreign corporation acting as a personal holding company, the income received from intangibles to the extent that the income to the trust beneficiaries is excluded under Section 235-4.5(a), and the trust company holds 100% of the corporate stock.

Your Committee heard testimony in favor of this bill from several organizations. The consensus of this testimony was that this bill will attract new trust business to Hawaii that will: generate new revenue in the form of fees, administration charges, and capital available for investment; create new jobs; expand the financial services industry; and have no impact on the environment.

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

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2603, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2603, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 896-88 Consumer Protection and Commerce on S.B. No. 2778

The purpose of this bill is to regulate providers of prepaid dental insurance plans by requiring that they register with the Department of Commerce and Consumer Affairs. The bill would also provide the Director of the Department of Commerce and Consumer Affairs with certain powers and duties to effectuate the purpose of this bill, including the power to establish reserve and bonding requirements if deemed necessary by the Director.

Your Committee received testimony in opposition to this bill from the Hawaii Dental Association and others who were concerned about the broad powers seemingly granted to the Director to regulate these providers and the "standby" powers of the Director.

In view of the fact that the intent of this bill is to register providers prepaid dental insurance plans, some of which do not currently fall within any statutory framework, your Committee has amended the bill to reflect this primary intent. Your Committee has amended this bill to remove the Director's power to establish bonding and reserve requirements.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2778, S.D. 2, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as S.B. No. 2778, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 897-88 Consumer Protection and Commerce on S.B. No. 2468

The purpose of this bill is to authorize the issuance of special purpose revenue bonds and refunding of special purpose revenue bonds up to the amount of \$165,410,000 to assist electric utilities in obtaining lower interest rate bond financing for capital improvement projects.

The allocations would be made as follows: Hawaiian Electric Company, \$97,410,000; Hawaiian Electric Light Company, \$24,000,000; Kauai Electric, \$34,000,000; and Maui Electric Company, \$10,000,000. Any project financed by the bonds would require Public Utilities Commission approval, and no funds may be used for nuclear fuel generating units.

Your Committee finds that this bill will lower interest costs to the electric utilities which will be reflected in lower costs of capital which ultimately benefits electricity consumers.

Your Committee received testimony in favor of the bill from Hawaiian Electric Company, Maui Electric Company and Hawaiian Light Company.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2468, 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. 898-88 Consumer Protection and Commerce on S.B. No. 3062

The purpose of this bill is to promote the establishment of a stock exchange in Hawaii by exempting specific revenue items from the general excise tax for a one-year period.

Your Committee received testimony that it is highly desirable to establish a stock exchange in Hawaii. Although thousands of miles separate us from the securities activities on the mainland and elsewhere, our location in the Pacific is nonetheless, extremely ideal. Our unique geographic position is such that a Honolulu trading floor will be able to close a three-hour gap that exists between the mainland and that of a Japanese market. It would result in a round-the-clock world trading market.

By its very nature, a Honolulu-based stock exchange would be a financial lure that would attract much needed capital into the State. The capital would come from the Asian-Pacific financial markets as well as American sources from the mainland.

The Director of Taxation testified that the one-year exemption in the bill would allow both the State and a new stock exchange a period of time for information gathering and understanding of the operations of the other in order to come up with a reasonable plan of taxation for this type of business. Testimony was also received which indicated that the one-year period need not begin on July 1, 1988. Your Committee therefore has amended this bill to take effect upon its approval. Your Committee believed this effective date is more likely to allow for more proper legislative review at the end of the exemption period.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3062, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3062, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 899-88 Consumer Protection and Commerce on S.B. No. 2832

The purpose of this bill is to resolve certain ambiguities in the franchise tax law pertaining to banks and financial corporations which deprive the State of tax revenues. The bill provides a method to establish the measure of the franchise tax for the initial year of a bank or financial institution's operations and to prevent underpayment of tax for the second year of operation. The bill also provides for the payment of the franchise tax on the actual net income for the taxable year or part of a taxable year in which a bank or financial institution terminates business operations. The bill also provides for the adjustment of tax and filing of amended returns for the first, second, and final year of business of a bank or financial institution.

Your Committee received testimony from the Department of Taxation in favor of this bill.

Currently, under Chapter 241, Hawaii Revised Statutes, a franchise tax of 11.7 per cent is imposed against the taxpayer's net income from all sources for the preceding calendar year or fiscal year. According to the Director of Taxation, under existing law there is no method in place to establish the measure of the franchise tax for the initial year of a bank or financial institution's operations. As a result, the bank or financial institution need not pay the franchise tax on its net income in excess of the previous year's income which is the year the tax is computed, for its final year of operation. Thus, in both scenarios there would be a loss of revenues to the State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2832 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 900-88 Consumer Protection and Commerce on S.B. No. 2633

The purpose of this bill is to ensure the availability of relay services for the deaf and hearing-impaired. The bill provides that the Public Utilities Commission shall implement a program to achieve relay services for the deaf or hearing-impaired by July 1, 1989. The bill also provides that the Public Utilities Commission shall require every telephone public utility providing telephone service to file a schedule of rates and charges providing a rate for relay services for the deaf and hearing-impaired.

Your Committee received overwhelming testimony in support of this bill and as to the need for relay services for the deaf and hearing-impaired. The Department of Health, the Commission on the Handicapped and a large number of organizations and associations dedicated to assisting the deaf and hearing-impaired, as well as hearing-impaired individuals and Hawaiian Telephone Company supported this bill. There was testimony with respect to alternative methods of financing this program, namely through tax credits. Your Committee views this problem as one of both equal access and social service, however, the testimony was clear that a program paid for by tax rebates would be far easier to administer and would save in excess of \$100,000 per year overall. Your Committee has, therefore, amended this bill to provide that the service will be paid for by a system of tax credits. It is clear to your Committee that a relay system will not only give hearing-impaired individuals access by telephone to the rest of the population but will give the rest of the population access by telephone to the 60,000 hearing-impaired individuals in the State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2633, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2633, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 901-88 Consumer Protection and Commerce on S.B. No. 2501

The purpose of this bill is to create the position of condominium specialist in the Department of Commerce and Consumer Affairs, to assist consumers with information, advice, and referral on chapter 514A of the Hawaii Revised Statutes and chapter 16-107 of the Hawaii Administrative Rules relating to Horizontal Property Regimes.

Your Committee heard testimony generally in favor of this bill from a number of organizations as well as the Real Estate Commission and the Department of Commerce and Consumer Affairs. The testimony did raise concern that the amount appropriated was too small to obtain a qualified individual. Your Committee has amended the bill to increase the amount appropriated. Your Committee also amended this bill to reflect that the position created is an exempt position.

Your Committee understands, from the testimony presented, that the implementation of this bill will eliminate the need, perceived by some groups, for a separate "Condominium Commission" and will eliminate a large number of the condominium bills which are presented to the legislature each year. Your Committee fully expects that the number of problems sought to be solved each year by legislative solutions will be substantially reduced by providing this specialist position to disseminate information about the present condominium laws and to take appropriate action in certain cases.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2501, S.D. 2, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as S.B. No. 2501, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 902-88 Higher Education and the Arts on S.B. No. 3015

The purpose of this bill is to rename the Honolulu Endowment Fund to the State of Hawaii Endowment fund.

Your Committee received favorable testimony from both the Honolulu Symphony and the Department of Accounting and General Services.

However, the Committee found that some confusion exists over the exact intent of the appropriation over the two fiscal years and therefore your Committee has amended the bill to clarify the intent of the appropriation.

Your Committee has amended Section 2 of the bill to more clearly define the intent of the appropriation. Section 2 has been amended as follows:

- a) by providing that the funds appropriated in fiscal year 1987-1988 will lapse in fiscal year 1988-1989,
- b) by changing the name of the Honolulu Symphony Endowment Fund to the State of Hawaii Endowment Fund to conform with the intent of the bill,
- c) clarified that \$1,000,000 is the maximum in State funds which can be matched.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 3015, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3015, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Honda, Tom, Pfeil and Ribellia.

SCRep. 903-88 Planning, Energy and Environmental Protection and Ocean and Marine Resources on S.B. No. 3166

The purpose of this bill is to transfer the Land Use Division (LUD) and the Coastal Zone Management (CZM) Program from the Department of Business and Economic Development (DBED) to the Office of State Planning (OSP), transfer the Capital Improvements Program (CIP) allotment process from the Office of State Planning to the Department of Budget and Finance (DB&F), and abolish the Hawaii Institute of Management and Analysis in Government (HIMAG).

Your Committees received supporting testimony from the DBED and the OSP.

Act 336, Session Laws of Hawaii (SLH) 1987, which established the OSP, provided for the transfer of certain programs and activities from the Planning Division and the Population Analysis Program of DBED and the HIMAG to OSP. However, the LUD and the CZM of DBED were not transferred.

During the course of the 1987 legislative session, there was much discussion as to the placement of LUD and CZM programs in the OSP. As a consequence of the legislative action taken in Act 336, SLH 1987, the Conference Committee Report strongly recommended that one of the first tasks of OSP should be to review whether LUD and CZM programs should continue to be retained in DBED or more appropriately placed in another agency. Your Committees finds that LUD and CZM are better suited to the planning functions and activities of OSP rather than DBED whose role is business advocacy. This bill incorporates these changes.

As a result of the state administration's initiatives in the Central Oahu/Ewa and West Hawaii regions, the governor has taken an interim measure on November 20, 1987, by issuing Administrative Directive No. 87-07, which designated OSP as the lead agency within the executive branch to review and coordinate proposed state agency policies, programs, projects and action which pertain to major land use and development projects and coordinate matters relating to land use and development to assure a more effective planning implementation process for the State.

In reviewing the CZM program, your Committees find that the kinds of planning activities such as the Ocean Management Plan and the Ocean and Coastal Information Management System have direct implications and linkages to the kinds of projects and activities of OSP such as the Exclusive Economic Zone (EEZ) and the Geographic Information System (GIS). In addition, the linkages with LUD activities will be further strengthened. This change will also allow the CZM program to maintain its broad perspective and facilitate its coordinative and networking role with other agencies.

Since the adoption of Act 336, SLH 1987, an evaluation of the CIP program was conducted and the conclusion was reached that from an operational standpoint, the CIP allotment process should be a function of the DB&F and OSP's role should focus in the planning of public facilities in the budget formulation process.

Hence, this bill will implement procedural changes in coordination with DB&F which are intended to streamline both the review and implementation process of the State's CIP. These procedural changes should prove to be a significant benefit to both the State and counties by reducing response time needed to review and approve CIP projects. By Administrative Directive No. 87-5, the State's CIP implementation review function, including the CIP allotment process, has been transferred to DB&F and OSP is to concentrate its planning efforts on the CIP budget formulation process in coordination with DB&F.

Your Committees find that the statewide training mandate of HIMAG is not compatible with the purposes and functions of OSP and that the responsibility for statewide employee training programs rests with the Department of Personnel Services (DPS). Hence, the bill is repealing the pertinent sections of chapter 81, Hawaii Revised Statutes, dealing with the HIMAG program, thus eliminating the previous jurisdictional problems associated with statewide training functions between DPS and HIMAG.

It should also be noted that under the provision of Section 12, transfer of personnel, CZM staff will be tenured as civil service employees without loss of salary and other employee benefits and privileges.

There was some concern as to whether the amendment to Section 225M-2(6)(B) would result in the discontinuance of submittal of CIP reports to the legislature. Pursuant to Section 37-68(2), HRS, the legislature will continue to have the prerogative of requesting all documents and information from State agencies concerning the State budget. Additionally, the department of budget and finance will be submitting the CIP status reports to the legislature rather than the office of state planning.

Your Committees on Planning, Energy, and Environmental Protection and Ocean and Marine Resources are in accord with the intent and purpose of S.B. No. 3166 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Pfeil.

SCRep. 904-88 Planning, Energy and Environmental Protection on S.B. No. 3185

The purpose of this bill is to clarify and expand existing Hawaii tax provisions which exempt gasohol from the general excise tax to encourage the production and use of locally produced biomass-derived alcohol liquid fuels, and a corresponding reduction in crude oil and gasoline imports.

Your Committee finds that the bill which provides necessary amendments to exempt gross proceeds arising from the sale of biomass-derived alcohol liquid fuels from the general excise tax would be a major step toward the State's goal of being energy self-sufficient.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 3185 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 905-88 Planning, Energy and Environmental Protection on S.B. No. 3248

The purpose of this bill is to establish stringent labeling and quality standards for bottled water to better safeguard public health and protect consumers from deceptively labeled bottled water products.

Your Committee received supporting testimony recommending changes in the bill from the Department of Health and the Hawaii Food Industry Association.

Based on these recommendations, your Committee has made the following amendments to the bill:

(1) The definitions of "approved source", "artesian water", "natural water", "spring water", and "well water", have been modified by deleting any references specifying that water means water originating in Hawaii. The definitions, as set forth in the bill received by your Committee, could have been interpreted to mean that bottled water products from outside

Hawaii could not be called "bottled water", or by any other name described in the bill. Such an interpretation would be unfair and could be challenged by mainland or foreign bottled water companies.

(2) The list of contaminants set forth in section 4 (b) of the bill, as received by your Committee, has been deleted and section 4 (b) has been modified accordingly. The list of contaminants was deleted because this list is revised frequently and it would be more efficient to incorporate subsequent revisions in departmental rules.

(3) Bottled water that is not sold for human consumption was made exempt from the provisions of this Act, provided that the product is specifically labeled "not for human consumption" in prominent lettering. It was the opinion of all parties that stringent regulations would not be necessary for bottled water that was not intended for human consumption. However, the words "not for human consumption" must be in large type, comparable to the size of other lettering on the label, to avoid deceiving unwary consumers.

(4) Penalty provisions have been added to the bill to facilitate enforcement of this Act.

(5) The effective date of the bill was amended to provide time needed for those involved in the bottled water industry to conform to the labeling requirements.

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

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. NO. 3248, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3248, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 906-88 Planning, Energy and Environmental Protection on S.B. No. 3182

The purpose of this bill is to establish a comprehensive permit system relating to geothermal and cable system development.

One of the major and fundamental elements of the development of this combined geothermal/cable system project is the diverse array of federal, state and county land use, planning, environmental and other related laws, regulations, and permits that currently control the undertaking of all commercial projects in the state. Many of these controls attempt to ensure that commercial development projects are undertaken in a manner consistent with land use, planning, environmental and other public policies. At the same time many of these specific laws, regulations and controls oftentimes overlap in jurisdiction.

This bill seeks to establish a comprehensive permit system designed specifically to facilitate the implementation of the geothermal/cable system project.

Your Committee generally agrees with the intent of this bill, however, there is serious concern about the ramifications which appear to be involved in this bill. It is unclear to this Committee what specific permit requirements and hearings will be consolidated. Furthermore, it is silent on the criteria to be used in deciding whether individual functions get transferred. Your Committee finds that the streamlining measures called for in this bill are somewhat vague and need to be enumerated and defined before any legislation should be promulgated.

Your Committee has amended section 1 of this bill by deleting sections § -1 and § -3 through § -13; section § -2 has been amended by changing language in findings (5), (9), and (16). Section 2 has been amended to request the governor's advisory board on the underwater cable transmission project to report back to the legislature before the convening of the regular session of 1989 with recommendations for legislation which would accomplish the intent of this bill. The report shall include but not be limited to:

- (1) Specific identification of the streamlining measures to be included in the permit consolidation process.
- (2) Enumeration of the permit requirements, including any hearing procedures, needed to complete geothermal development and the undersea cable project, including those that appear to be redundant or duplicative which thus have the potential to be consolidated.
- (3) Identification and discussion of the purpose and rationale for the existence of each of the requirements in (2) above and an explanation of how the concerns addressed by these requirements will be addressed if any of these requirements will be consolidated.

In the formulation of its report the board shall consult with each of the affected counties and members of the public.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 3182, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3182, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 907-88 Planning, Energy and Environmental Protection on S.B. No. 3204

The purpose of this bill is to establish an environmental emergency response revolving fund within the department of health to provide the department with funds and the authority to immediately respond to environmental emergencies and accidents.

Your Committees find that the problem of responding to chemical spills, hazardous waste releases and the unlawful disposal of hazardous materials in a swift and timely manner is an issue of concern for many states throughout the country. In recognition of the need for the development of an efficient strategy of responding to such incidents in Hawaii, your Committees find that this administration bill would establish a funding system which would provide the department with the flexibility and the authority to respond to environmental emergency situations which pose imminent threats to the public or the environment.

Your Committee has amended this bill by inserting the following sentence on page 10, line 2 after the word "release": "Liability shall be proportional and not joint and several."

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 3204, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3204, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 908-88 Planning, Energy and Environmental Protection on S.B. No. 3217

The purpose of this bill is to establish criminal penalties for negligent and knowing violations of water pollution control rules, permit conditions, and pretreatment requirements.

Your Committee received testimony from the Department of Health supporting the intent of this bill and recommending an amendment to provide consistency with the requirements mandated by the Federal Water Quality Act of 1987, Public Law 100-4.

The Department is currently in the process of preparing a redelegation request of the National Pollutant Discharge Elimination System (NPDES) program from the United States Environmental Protection Agency. The NPDES program is a key element for the State of Hawaii's effort to control water pollution.

To complete the redelegation request, the State is required to enact enabling legislation to enforce pretreatment requirements and establish criminal penalty requirements that are consistent with the Clean Water Act. Failure to obtain redelegation of the NPDES program would result in a loss of \$325,000 of Clean Water Act, section 106 grants to the State.

Your Committee has amended this bill to insert the word "knowingly" in section 2 of the bill, paragraph (2) to be consistent with requirements mandated by the Federal Water Quality Act of 1987 and to allow the State to complete redelegation of the NPDES program.

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

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 3217, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3217, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 909-88 Planning, Energy and Environmental Protection on S.B. No. 3161

The purpose of this bill is to amend section 36-41, Hawaii Revised Statutes, which deals with the use of third party financing for energy efficiency improvements in state and county facilities.

This bill provides state agencies greater flexibility in arranging for the installation and financing of equipment and devices that will reduce the cost of operation of state facilities and, where appropriate, will permit the facility to utilize alternate energy sources. Further, the term "third-party financing" as used in the existing law is changed to "energy performance contracting" as the latter term more accurately and comprehensively describes the options made available to state agencies under this bill. The bill also sets procedures for bidding and entering into such contracts.

Your Committee has amended this bill by:

(1) Reinserting the word "cogeneration" on line 7, page 1; line 16, page 2; and line 1, page 6; since the deletion of this word would remove the present option state and local agencies have in weighing the benefits this energy efficient technology has to offer over other systems and devices;

(2) Replacing the word "shall" with "may" on line 14, page 1, so that the state may pursue the assumption of title as an optional rather than mandatory course of action.

(3) Deleting the last sentence on page 1, "The department of accounting and general services shall review and approve each energy performance contract for state facilities for which the department is responsible" since it will be covered by the next sentence.

(4) Changing the maximum term from fifteen to ten years on page 4, item (c)(4).

(5) Adding "unless the contract is terminated as indicated item (c)(5) above" at the end of the sentence on page 4, item (c)(6) to clarify this provision.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 3161, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3161, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 910-88 Planning, Energy and Environmental Protection on S.B. No. 2045

The purpose of this bill is to repeal section 235-12.2, Hawaii Revised Statutes, which provides a tax credit for the cost and installation of insulation for a hot water heater and exposed hot water pipes.

Your Committee finds that in order to qualify for the credit, the insulation must have been installed prior to December 31, 1984. Although excess credit could be carried over to subsequent years until exhausted, it is doubtful that there are any residual amounts being carried forward at this date. Therefore, it would be appropriate to repeal this section of the law.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 2045, 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. 911-88 Planning, Energy and Environmental Protection on S.B. No. 2213

The purpose of this bill is to provide for the issuance of special revenue bonds in a total amount not to exceed \$15,000,000 to assist International Pacific Energy Consortium, Inc., or a partnership in which International Pacific Energy Consortium, Inc., is a general partner, in the establishment of a wind energy farm and related facilities.

Your Committee finds that the proposed Maui wind farm is consistent with the State's objectives for the development of alternate energy sources, and that the bonds authorized by this bill are in the public interest. Wind energy has been identified as having the potential to produce a significant proportion of Hawaii's electricity needs. At present, less than one percent of Maui's electricity is produced from the wind, and in addition, Maui has a number of excellent wind regimes. This project could increase many-fold the amount of wind-generated electricity on Maui.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 2213, 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. 912-88 Planning, Energy and Environmental Protection on S.B. No. 2363

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Energy Conversion Devices, Inc., or its subsidiaries, to manufacture amorphous silicon alloy photovoltaic products or devices in the State of Hawaii.

Currently, photovoltaic-generated electricity is cost-effective for remote power applications and consumer products, but not for utility-scale applications. However, rapid advances in photovoltaic technology, especially amorphous silicon, promises to make utility-scale photovoltaic-generated electricity cost-competitive with fossil fuel-generated electricity by the early-to-mid-1990's.

Your Committee finds that the proposed manufacturing facilities will produce the most advanced multijunction amorphous silicon panels. Cost reductions achieved through more stable and efficient cells, a larger-scale production facility, and other technological advances will significantly increase the market potential of photovoltaic systems throughout the Pacific Basin. Hawaii has an opportunity to share in this potential and to generate new jobs and incomes.

Your Committee has amended this bill by increasing the dollar amount in Section 2 to two dollars.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 2363, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2363, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 913-88 Planning, Energy and Environmental Protection on S.B. No. 2046

The purpose of this bill is to repeal the laws relating to accelerated amortization tax deduction for certified pollution control facilities.

Your Committee finds that Section 235-11, Hawaii Revised Statutes, which provides an election to a tax write-off for certified pollution control facilities over a period of sixty months if such facility is placed in service before 1976, has not been used much and, as stated in the bill, any facility for which the election was made has been fully amortized. Therefore, it would be appropriate to repeal this section of the law.

Your Committee has amended this bill by deleting section 1. The stated purpose of this bill is to repeal the laws relating to accelerated amortization deduction for certified pollution control facilities. However, the Senate amendment to Section 235-2.3, Hawaii Revised Statutes, made by section 3 of this bill, does not complete the repeal of this provision, but rather, adopts a similar provision contained in federal law. Hence, the purpose section does not reflect the contents of the bill, and has been deleted, and the remaining sections have been renumbered accordingly.

As the provisions of Internal Revenue Service Code Section 169 are adopted, your Committee has further amended this bill to have the effective date apply to taxable years beginning after December 31, 1987.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 2046, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2046, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 914-88 Planning, Energy and Environmental Protection on S.B. No. 2726

The purpose of this bill is to:

- (1) Allow the sale and leaseback by a county of a solid waste processing, disposal, and electricity generating facility;
- (2) Allow a solid waste processing and disposal facility to be financed by general obligation bonds;
- (3) Provide for the sale and remarketing of the bonds and the conditions under which they may be sold and remarketed;
- (4) Authorize a county to sell a solid waste processing and disposal facility provided certain conditions are met;
- (5) Allow the county to lease or enter into an operating agreement or other agreement with the purchaser, or lessee from the purchaser, of a solid waste processing and disposal facility; and
- (6) Exempt the sale of a solid waste processing and disposal and energy generating facility and income generated from its operation from all taxation by the State and regulation by the state public utilities commission.

The passage of this bill will help to ensure the completion of an environmentally safe resource facility which can be financed in the most cost-effective method possible--through the use of private funds.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 2726, 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. 915-88 Planning, Energy and Environmental Protection on S.B. No. 2882

The purpose of this bill is to appropriate \$50,000 for the legislative auditor to conduct a feasibility study on Hawaii's waste streams, including the availability of state, national, and foreign markets for recycled materials; other states' recycling programs; and an assessment of the viability of a recycling program in Hawaii.

Your Committee finds that solid waste management and recycling, in addition to having health and economic ramifications for the State, is very much a county and private issue. Hawaii has only limited areas where landfills can be safely sited as to prevent any adverse impact to the environment and our drinking water supply. Thus, county landfills have become less acceptable, and more difficult to site. A related problem is the liability that service stations risk when they voluntarily accept used oil from consumers. If unbeknown to a station, hazardous waste is mixed with the used oil, it could cost the station upwards of \$10,000 to legally dispose of the contaminated oil.

Your Committee has amended this bill by expanding the study to include an assessment of the economic viability of a recycling program in Hawaii; by requiring an assessment of the possible ways to encourage service stations to participate in collection programs in order to protect the environment from used oil; by requiring the legislative auditor to work with the department of health and the various counties; and to require the legislative auditor to submit its findings and recommendations to the legislature when it is completed with the study, instead of twenty days before the convening of the regular session of 1989. Your Committee has further amended this bill by changing the appropriation amount from \$50,000 to \$1.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 2882, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2882, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 916-88 Planning, Energy and Environmental Protection on S.B. No. 3155

The purpose of this bill is to allow a county agency to reimburse the State for funds advanced to the county for wastewater treatment works projects within one year after the completion of project construction.

Your Committee received testimony from the Department of Health stating that the County of Hawaii must build wastewater facilities in Hilo, strictly adhering to the reimbursement schedule proposed in the bill, to provide secondary treatment in the quickest time possible to avoid paying significant fines either to the State or to the United States Environmental Protection Agency. The Department of Health is currently processing a state advancement of the federal share of the design cost to the County of Hawaii pursuant to section 342-34(b).

Since the Department of Health is seeking to obtain funds for this project, your Committee has amended this bill to delete section 2 which advanced the sum of \$1 to the County of Hawaii for the planning and design of a Hilo wastewater treatment facility.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 3155, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3155, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 917-88 Higher Education and the Arts on S.B. No. 2209

The purpose of this bill is to authorize the issuance of general obligation bonds for fiscal year 1988-89 for the upgrading of the Waikiki Aquarium.

Your Committee finds that the Waikiki Aquarium is in need of major renovation, repair and maintenance to maintain its reputation as a first class aquarium.

In testimony presented before your Committee, the President of the University of Hawaii explained that the total cost of the renovation would amount to \$6,600,000. The current request for the Aquarium covered only the most urgent health and safety issues, plus design work, at an estimated cost of \$3,000,000. The President testified that \$625,000 of the \$3,000,000 should be designated for design funds rather than the usual 10% of \$3,000,000.

The Committee has amended the bill by deleting Sections 1, 2 and 3 and adding new Sections 1, 2, 3 and 4 with a recommended appropriation of \$3,000,000 for the upgrading of the Waikiki Aquarium.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2209, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2209, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Ribellia.

SCRep. 918-88 Higher Education and the Arts on S.B. No. 2584

The purpose of this bill is to require the State to contribute funds to the Bishop Museum by designating it as the "State Museum for Natural and Cultural History".

Your Committee heard testimony from the Department of Accounting and General Services and the Bishop Museum in support of the intent of this bill to designate the Bishop Museum as the state museum. The testimony of the State Foundation on Culture and the Arts recommended that the bill be amended to designate the Department of Accounting and General Services as the expending agency. The testimony also indicated a desire to amend the bill to conform with H.B. No. 1550, H.D. 2 in its entirety.

Your Committee has adopted the recommendations of the Department of Accounting and General Services and the Bishop Museum and has amended the bill by deleting Sections 1, 2, 3 and 4 and adding new Sections 1, 2, 3, 4, 5 and 6.

Your Committee has also amended this bill by renumbering Section 5 to Section 7 to conform with the addition of the new sections.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2584, S.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2584, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 919-88 Higher Education and the Arts on S.B. No. 2883

The purpose of this bill is to establish a Hawaii Bishop Research Institute to strengthen the research programs of the Bishop Museum and the University of Hawaii.

Your Committee heard testimony from the University of Hawaii and the Bishop Museum in support of this bill. Testimony indicated that the collaboration of these two institutions would promote scholarship and research and would permit them to provide greater public access to the latest research available on the Pacific and Hawaii.

Your Committee finds from the testimony presented that the initial startup costs of the research institute will be less than the amount appropriated in this bill. Your Committee has amended this bill to reflect the anticipated costs.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. 2883, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2883, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 920-88 Higher Education and the Arts on S.B. No. 2163

The purpose of this bill is to amend Section 304-8.5 of the Hawaii Revised Statutes to add rental income to the list of activities for which fees are deposited into the revolving fund for the animal research farm at Waialae, Oahu.

Animal research is expensive to conduct due to the costs of the animals, feed, veterinary supplies, equipment and facilities. The Legislature, in 1974, established a revolving fund so that the beef cattle, hogs, eggs, broilers and milk could be sold when experiments were completed and the receipts would be deposited into the fund to purchase replacement animals, feed, supplies and equipment and maintenance services.

In testimony before your Committee, the Dean of the College of Tropical Agriculture explained that one of the costs of conducting animal experiments is the labor requirement seven days a week. In order to meet the labor requirement, housing is provided for the animal technicians on the research farm. Currently, the funds generated from renting these housing units cannot be deposited into the revolving fund. Under this bill, these rents would be allowed to be deposited into the revolving fund.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2163, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 921-88 Higher Education and the Arts and Judiciary on S.B. No. 2013

The purpose of this bill is to amend section 304-14.6 of the Hawaii Revised Statutes to grant University of Hawaii tuition waivers to the spouses and dependents of Hawaii National Guard members who were permanently disabled or killed while on federal or state duty.

Under the current law, the tuition waiver applies only to enlisted persons, warrant or company grade officers in the Hawaii National Guard or in the reserve components of the Army, Navy, Air Force, Marine Corps and the Coast Guard.

Your Committees find that such a benefit will further strengthen the Hawaii National Guard's ability to retain and sustain its members. In addition, this benefit allows dependents the opportunity to reconstitute their shattered lives and to shape a brighter future for themselves. At a minimum, this bill provides a surviving spouse an opportunity to improve his or her employability, and in the case of children, it will ensure that higher education will not be out of reach.

Your Committees have amended the bill by replacing the contents of this bill with House Bill 2095. Also, your Committees have retained the concept of granting tuition waivers for the spouses and depends of the reserve components in this bill.

Your Committees have also made technical and stylistic amendments to the bill.

Your Committees on Higher Education and the Arts and Judiciary is in accord with the intent and purpose of S.B. No. 2013, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2013, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Andrews, Bellinger, Honda, Peters, Tom, Jones, Medeiros, Pfeil and Ribellia.

SCRep. 922-88 Higher Education and the Arts and Agriculture on S.B. No. 2888

The purpose of this bill is to appropriate funds to implement an action alliance among the instructional, research, and extension programs of the College of Agriculture at the University of Hawaii at Hilo, the College of Tropical Agriculture and Human Resources, University of Hawaii at Manoa, and the research and extension programs of the Hawaii Institute of Tropical Agriculture and Human Resources. An appropriation of \$100,000 would be used to create one new position, to finance and support student and faculty exchanges and to split faculty appointments to strengthen the instructional programs of the different Colleges.

The President of the University of Hawaii testified that the action alliance between the two campuses culminates an intensive, collaborative discussion that has been held over the past year.

Your Committees on Higher Education and the Arts and Agriculture are in accord with the intent and purpose of S.B. No. 2888, 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. 923-88 Higher Education and the Arts on S.B. No. 2855

The purpose of this bill is to create a discoveries and inventions revolving fund.

This bill would require monies appropriated for fiscal year 1988-89 to the university "for the purposes of supporting innovation and research commercialization and the patenting, copyrighting, licensing and marketing of discoveries, inventions and technologies developed at the university" to be deposited into the revolving fund. All proceeds from commercial exploration of inventions and intellectual property developed at the university would also be deposited into the fund.

The University of Hawaii testified that the establishment of the Discoveries and Inventions Revolving Fund is an essential ingredient for the overall effectiveness of the university's technology transfer and economic development program.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2855 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 924-88 Higher Education and the Arts on S.B. No. 2856

The purpose of this bill is to authorize the University of Hawaii at Hilo to operate and use the vocational and technical training projects revolving fund.

The Chancellor of the University of Hawaii at Hilo testified that the bill clarifies the authority by which the University of Hawaii at Hilo is able to operate the fund which was established for Hawaii Community College's Vocational Technical Revolving Fund. Currently, the funds are funded by fees assessed to the participants.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2856, 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. 925-88 Labor and Public Employment on S.B. No. 2298 (Majority)

The purpose of this bill is to appropriate \$10,000,000 to implement the Hawaii Workers' Compensation State Fund pursuant to chapter 386A.

By way of a brief background, the Hawaii Workers' Compensation State Fund was established by Act 296, Session Laws of Hawaii 1985, as part of a package of major amendments to improve and strengthen Hawaii's workers' compensation laws. As stated in the Act, the purpose of the Fund is to sell workers' compensation insurance at the lowest actuarially responsible rate. The Act also states that the Fund shall serve as a model for the workers' compensation insurance industry to determine the minimum insurance rates.

However, the Fund was not operational. Rather Act 296 specified that the Fund would become operational upon receipt of a special appropriation. This bill provides that funding. This special appropriation will be a loan to the Fund and shall be repaid with interest within ten years.

The Fund, now codified as chapter 386A, is established as a competitive, nonprofit workers' compensation insurer under the control of the Board of Directors, consisting of five members appointed by the Governor. The major responsibilities and functions of the Board are statutorily provided in Chapter 386A, and the Board is charged with discharging its duties with care, skill, prudence, and diligence. The preliminary business plan and the actuarial report on the Fund, prepared for the University of Hawaii, provide a more detailed organizational structure of the Fund and contain an analysis of the State Fund insurance market, proposed premium rates, reinsurance programs, underwriting guidelines, claims procedures, and financial management plans.

Moreover, the Workers' Compensation State Fund Informational Conference held on September 2, 3, and 4, 1987 provided invaluable information on the experiences and administrative aspects of competitive state funds, notably from Arizona, California, and Minnesota, and will assist, and prevent problems, in the startup of Hawaii's State Fund.

Your Committee believes that the prudent and cautious approach taken in Chapter 386A, the findings and recommendations of the recently completed business plan and actuarial report, and the experiences of other state funds provide a solid basis from which to implement Hawaii's State Fund and agrees with the capitalization loan of \$10,000,000 for the Fund.

Your Committee appreciates the concerns raised about the fund and has accordingly amended the bill to clarify that the fund is subject to the provisions of chapter 431, Hawaii's insurance code. Your Committee also has amended the bill by deleting the third fiscal year of the appropriation.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2298, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2298, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 926-88 Transportation on S.B. No. 2579

The purpose of this bill is to require persons who take a blood test for the purpose of testing alcohol content and who are subsequently sentenced for driving under the influence of intoxicating liquor to make restitution to the police department of the respective counties for the cost of the blood test.

Your Committee finds that the cost of administering blood tests has escalated annually, and that the county police department budgets should be justly compensated by the users of these services rather than the non-users of these services.

Your Committee has received favorable testimony on this bill from the State Attorney General, the State Department of Transportation, and prosecutors and police chiefs of the City and County of Honolulu, and the counties of Kauai, Maui, and Hawaii.

Your Committee has amended this bill by deleting section 2, which prevents retroactive charges for blood tests administered to persons subsequently sentenced for driving under the influence of intoxicating liquor. Your Committee has further amended this bill by making technical, non-substantive changes for the purposes of style and clarity.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2579, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2579, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 927-88 Transportation on S.B. No. 2448

The purpose of this bill is to give property owners the statutory authority to remove an unauthorized vehicle left after the conspicuous display of a notice posted on the unattended vehicle for a period of 24 hours.

Presently, under the provisions of Section 290-11, Hawaii Revised Statutes, private property owners are not authorized to remove unauthorized vehicles parked on their property unless there is a notice posted on the property which specifically prohibits parking of vehicles on the property without authorization. These notices must also state where the vehicles will be towed and held.

Your Committee received favorable testimony on this bill from the State Department of Transportation and the Department of Finance, City and County of Honolulu.

Your Committee has amended this bill by increasing the length of time a property owner must wait before removing a vehicle to 72 hours.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2448, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2448, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 928-88 Transportation on S.B. No. 3077

The purpose of this bill is to require the Department of Transportation to: 1) establish a permit system for the operation of ground transportation services at State airports; and 2) require that the operation of ground transportation services be opened up for bids.

Your Committee received favorable testimony on this bill from the Hawaii Transportation Association and Charley's Taxi.

Under Section 102-2(b), Hawaii Revised Statutes, the operation of a concession or concession space for ground transportation services at State airports is exempt from the bidding requirements of Section 102-2(a). Your Committee finds that exempting concessions for ground transportation services at airports from the bidding requirements of Section 102-2(a) prevents the equal opportunity for concessionaires at State airports.

Your Committee also finds that the department already has Administrative Rules in place which regulate airport ground transportation. Your Committee has therefore amended this bill by deleting section 1 of the bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3077, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3077, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 929-88 Transportation on S.B. No. 3229

The purpose of this bill is to: 1) remove public trails from the definition of public highways; 2) clarify that public trails are under state jurisdiction unless created by or dedicated to a particular county; and 3) clarify jurisdiction of trails under the Board of Land and Natural Resources.

Recent judicial decisions such as *Santos v. Pereira*, 2 Haw. App. 387 (1981), have created confusion over the status of trails and dedication requirements. The current statute fails to address public trails and by implication makes them county highways, contrary to prior law and to historical treatment. The current statute also fails to distinguish trails under the jurisdiction of the Department of Land and Natural Resources from vehicular highways under the jurisdiction of the Department of Transportation.

Your Committee received testimony in favor of this bill from the State Department of Transportation, the State Department of Land and Natural Resources, the Kona Old Hawaiian Trails Group, the Sierra Club, and others.

Testimony indicated that in its present form, Section 1(b) of this bill could be interpreted to mean that only trails which have been vested as public rights-of-way prior to the effective date of this bill are declared to be public trails, while trails which may vest as public rights-of-way after the effective date of this bill may not become public trails. Your Committee has therefore amended this bill by adopting clarifying language which will assure that trails established by the Highways Act of 1892 or thereafter will be vested as a public right-of-way.

Your Committee has also amended this bill by adding language to define the means by which state trails may be discontinued.

Your Committee has further amended this bill by specifying that county public highways and trails can only be closed, vacated, abandoned, or discontinued by a resolution of a county legislative body.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3229, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3229, S.D. 1, H.D. 1, and be referred to the Committee on Water, Land Use, Development and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 930-88 Transportation on S.B. No. 2128

The purpose of this bill is to clarify the law regarding motor vehicle registration. This bill proposes to do so by repealing Section 286-54, Hawaii Revised Statutes (HRS).

Your Committee received testimony in opposition to this bill from the Department of Finance, City and County of Honolulu.

Your Committee finds that the intent of repealing Section 286-54 is to require owners of out-of-state and out-of-country motor vehicles to go through the same registration process as owners of in-state motor vehicles. However, your Committee finds that repealing Section 286-54, Hawaii Revised Statutes, would not leave any statutory recourse for an owner of a motor vehicle registered in another state or country to register that vehicle in this state. The department's testimony indicated that repealing this section would require law enforcement agencies to contact Departments of Motor Vehicles and Police Departments from other states to determine the registered owner of a vehicle, information that is presently available on the Department of Finance's computer file.

Your Committee has amended this bill substantially by retaining Section 286-54, Hawaii Revised Statutes. Your Committee has also amended this bill by giving residents of this state the same opportunity to register motor vehicles from other states or countries as nonresidents do.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2128, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2128, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 931-88 Ocean and Marine Resources on S.B. No. 2024

The purpose of the bill establishes ocean resources management provisions; establishes the Hawaii ocean resources management program to assure the conservation and development of ocean resources affecting Hawaii; provides that the

Department of Business and Economic Development is designated the primary agency for coordination of ocean resources planning activities; provides that the department assist the governor with the governor's duties and opportunities to respond to federal agency programs and activities affecting coastal and ocean resources; establishes a Hawaii ocean resources management task force as a part of the Department of Business and Economic Development for Administrative purposes; requires the task force members to consult and coordinate, on a regular basis, with their respective governing body; requires the task force to develop procedures to conduct its business; establishes a scientific and technical advisory committee to the task force; and appropriates \$100,000 for use by the task force to carry out its duties.

Your Committee heard testimony by the Department of Business and Economic Development (DBED), the Office of State Planning (OSP), the University of Hawaii, the Environmental Center, and the Sierra Club in support of the intent of the bill.

Your Committee has amended the bill to include the following:

- 1) An establishment of a Hawaii Ocean and Marine Resources Council composed of eleven voting members with the DBED as the primary coordinating agency;
- 2) Delineating the powers and duties of the council, State agency responsibilities and cooperation, coordination with federal agency and county programs, and involvement of public participation;
- 3) An establishment of a Hawaii ocean resources management plan process; and
- 4) An increased appropriation of \$250,000.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 2024, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2024, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 932-88 Human Services on S.B. No. 3088

The purpose of this bill is to expand optional health care to low-income pregnant women and children, elderly persons, aliens, the homeless, and other handicapped and medically needy persons.

Testimony in support of the bill was submitted by the Department of Human Services, the Executive Office on Aging, and numerous private, non-profit agencies serving those who would be affected by this bill. Testimony indicated that a large group of people fall below the federal poverty level, yet are currently ineligible for Medicaid. Individuals who fall within this "gap group" may delay seeking medical attention because of financial considerations, thereby exacerbating their medical conditions and causing higher medical expenses in the long term.

Your Committee is in agreement that this bill will make medical services available to those in this "gap group" who may not be seeking medical attention.

Upon further consideration, your Committee amended the bill as follows:

- (1) Clarified that the \$1 appropriation is to expand optional health care to low-income pregnant women and children, elderly persons, aliens, the homeless, and other handicapped and medically needy persons;
- (2) Added an appropriation of \$131,240 to assist immigrants in adapting to Hawaii so that they may become contributing members of society; and
- (3) Made July 1, 1988 the effective date of the entire bill.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3088, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3088, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 933-88 Human Services on S.B. No. 2336

The purpose of this bill is to prevent discrimination against the blind and visually impaired.

Under current law, discrimination against the blind and visually impaired is prohibited and penalties for discrimination are provided. This bill clarifies that businesses and agencies are within the purview of section 347-13, Hawaii Revised Statutes, and that discrimination is a misdemeanor.

Your Committee received supporting testimony from the Department of Transportation, the Centers for Independent Living, the Commission on the Handicapped, the paralyzed Veterans, the Aloha Council of the Blind and visually impaired, and the Eye of the Pacific Guidedogs and Mobility Services, and finds that the bill provides for equal treatment of the blind and visually impaired in public facilities and conveyances.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2336 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 934-88 Human Services on S.B. No. 1450

The purpose of this bill is to expand the provision of personal care services to the non-medicaid eligible population based on a sliding fee scale.

Your Committee finds that personal care services fosters independence and self respect to this gap group and allows them to be contributing members of our community. In addition, it has been shown that personal care services to this population is a cost-effective alternative to institutional care.

Your Committee has made the following amendments to S.B. No. 1450, S.D. No. 2:

1. Added "or mental" on page 3, line 3, to accomodate persons whose functional limitations are due to illnesses such as Alzheimer's Disease.
2. Added "or skilled nursing facility" on page 3, line 4, to allow appropriate persons, at the skilled nursing level of care, access to the personal care program.
3. Deleted "Personal care services provided under this section shall be funded under the Medical assistance program [.] and State funded social services program, to be administered by the community long term care branch." on page 3, lines 11-14, to be consistent with the bill's purpose.
4. Added "and shall request federal financial participation for services provided to Medicaid-eligible recipients" on page 3, line 15, to be consistant with the bill's purpose.
5. Added "or skilled nursing facility" on page 4, line 3, to allow payment to a skilled nursing level of care.
6. Replaced "shall" with "may" and added "shall" on page 4, line 4, because the provision of personal care services is not mandatory.
7. Added "based on income, assets, and family size" on page 4, line 5, deleted ". A schedule of rates based on income and family size shall be", added "as" to assure that services are provided equitably.
8. Added "or skilled nursing facility" on page 4, line 16, to be consistent with the eligibility criteria.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1450, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1450, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 935-88 Human Services on s.B. No. 1725

The purpose of this bill as received was to amend Section 346-51, Hawaii Revised Statutes.

Your Committee has amended this bill by deleting the substance and inserting therefore new material the purpose of which is to extend the provision of chore service payments.

Specifically, the bill would amend Chapter 346, Hawaii Revised Statutes, which would provide for the following:

1. In calculating the monthly income of an individual for the purpose of determining eligibility for chore services, the department shall deduct from the individual's monthly income all out-of-pocket expenses incurred in the purchase of medical services or supplies.
2. Any applicant for chore services shall be allowed to apply the portion of income in excess of the department's applicable standard of assistance, to the purchase of chore services. Such cost sharing shall satisfy the income qualification for chore service assistance.
3. For purposes of this section, "chore service" means any housekeeping or related activities such as shopping, cooking, and cleaning that is essential to daily living."
4. Appropriate out of the general revenues of the State of Hawaii the sum of \$544,320, or so much thereof as may be necessary for fiscal year 1988-1989, for chore services. The sum appropriated shall be expended by the Department of Human Services.

Your Committee finds that the intent of this bill is to assure that financially marginal and disabled individuals who require chore services to remain at home, would receive them.

Testimony was received whereby clients, whose income exceeded the department's present standard by a few dollars, were ruled ineligible for chore services. Ironically, the current system, which recognizes the goal of avoiding premature institutionalization, is in fact abeting the unnecessary institutionalization of many of our functionally impaired. Your Committee finds that the enactment of S.B. No. 1725, S.D. 1, would ultimately result in less cost to the State.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1725, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1725, 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. 936-88 Human Services on S.B. No. 2011

The purpose of this bill is to extend the services of the Community Long-Term Care/Nursing Home Without Walls program to elderly and chronically ill and disabled persons who do not qualify for Medicaid by amending Act 192 of the 1983 Session Laws of Hawaii.

Presently, there is a "gap group" of elderly and chronically ill and disabled persons who do not qualify for Medicaid and must pay all costs of personal care attendant services to avoid institutional placement. The passage of this bill will allow this group of individuals to share in the cost of services according to a sliding fee scale based on income, assets, and family size.

Your Committee finds that this bill meets the policy recommendations of the State of Hawaii's long-term care plan by benefitting the elderly and chronically ill and disabled.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2011, 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 Peters.

SCRep. 937-88 Human Services on S.B. No. 3090

The purpose of this bill is to increase the assistance levels for welfare recipients. The current basic needs allowance and shelter allowance would be merged into an assistance allowance. The combination of the assistance allowance and food stamps would be raised to a level of between 85 and 100 percent of the poverty level.

Your Committee received testimony in support of the bill from a number of agencies, including Palama Settlement, the National Association of Social Workers, the Leahi District Council of the Honolulu Community Action Program, the Hawaii Public Health Association, Parent and Child Center of Hawaii, and Hawaii Healthy Mothers, Healthy Babies.

According to testimony submitted, there have not been any significant increases to assistance levels in the past nine years, and as a result of inflation the poor have been becoming poorer in terms of meeting the necessities of living. The State's level of support for needy families is now significantly below the poverty level. This bill proposes to raise the support level. In addition, this bill would provide a consistent frame of reference for the level of assistance by computing welfare benefits as a percentage of the federal poverty level.

While in support of the bill, the Legal Aid Society of Hawaii recommended several amendments. Your Committee is in agreement with these recommendations, and has amended the bill as follows:

- (1) Eliminated food stamps from the calculation of the level of assistance, which has been changed to 60 percent of the federal poverty level;
- (2) Amended the calculation of the medical assistance standard to equal the assistance allowance based on family size; and
- (3) Added a new Section to Chapter 346, Hawaii Revised Statutes, to provide that public assistance and child welfare laws are to be broadly and liberally construed to assist individuals and families relieve the stresses of poverty, disability, and deprivation.

A technical, nonsubstantive amendment has been made for the purpose of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3090, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3090, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 938-88 Human Services on S.B. No. 2979

The purpose of this bill is to establish, separate from the detention facility and the Hawaii Youth Correctional Facility, a nonsecure shelter for status offenders and juvenile law violators who exhibit a low degree of involvement in illegal and antisocial activities. The bill also establishes emergency shelters for abused and neglected children.

Your Committee received testimony in support of the bill from a number of State agencies, including the Department of Corrections, the Office of Children and Youth, and the Deinstitutionalization of Status Offenders Project. According to testimony presented, this bill will expand the range of resources available to the Judiciary and the Department of Human

Services, thereby affording the State opportunities to make more appropriate placement of victims of child abuse and neglect, status offenders, and law violators who exhibit a low degree of involvement in illegal and antisocial activities.

While in support of the bill, the Judiciary recommended several amendments to the bill. Your Committee is in agreement with these recommendations, and has amended the bill as follows:

(1) Clarified in Section 1 of the bill that victims of child abuse or neglect are not detained by Family Court, thereby correcting an erroneous statement;

(2) Clarified in Section 1 of the bill that the purpose of the bill is (a) to establish a shelter for status offenders and juvenile law violators who exhibit a low degree of involvement in illegal and antisocial activities; and (b) to increase resources for emergency shelter for victims of child abuse or neglect;

(3) Amended Section 571-33, HRS, to require the Family Court to establish nonsecure shelter facilities separate from detention facilities; and

(4) Increased the appropriation for the nonsecure shelter to \$500,000.

It is your Committee's intent that the \$250,000 appropriation for emergency shelter is to be primarily used to serve victims of child abuse or neglect who are also status offenders or minor law violators.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2979, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2979, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 939-88 Human Services on S.B. No. 2955

The purpose of this bill is to provide for increases to the level of care payments made by the Department of Human Services for persons residing in adult residential care homes.

Testimony in support of this bill was presented by the Commission on the Handicapped, Executive Office on Aging, United Group of Home Operators and the Department of Human Services.

Your Committee finds that adult residential care homes are an important component in assuring long term care for the frail elderly, handicapped, chronically mentally ill, and other adults whose condition might otherwise necessitate institutionalization. However, increases in the costs of providing home care are discouraging many existing adult residential care home operators. A growing number have either quit or are contemplating quitting to seek higher paying yet less demanding pursuits.

Testimony from the Department of Human Services noted that there needs to be a clarification in the bill as to whether the State administered state supplements are to be limited to those eligible for Federal Supplemental Security Income (SSI) or to be extended to non-SSI eligibles as well. Your Committee has therefor amended this bill to make clear that both persons eligible to receive SSI and persons not eligible shall be covered under this measure. The amount appropriated to initiate section 1 of this bill has been increased to allow for this amendment.

Your Committee has further amended this bill by including in the scope of the study to be conducted by the Legislative Auditor vacancy, admission, and demand problems experienced by adult residential care home operators. The Legislative Auditor is to also study whether it is feasible, or if there is a need, for annual cost of living increases.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2955, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2955, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 940-88 Human Services and Higher Education and the Arts on S.B. No. 1471

The purpose of this bill is to establish a commission to plan and select works of art for a memorial to the veterans of the Korean and Vietnam conflicts as well as to plan a memorial and select a site.

Your Committees received testimony in support of this bill from the acting chairman of the Vietnam Veterans Leadership Program and chairman of the Hawaii Vietnam Veterans Wall Committee, director of the Hawaii Vietnam Vet Center, and other Vietnam veterans.

Your Committees find that there should be a place in Hawaii to honor the sacrifices of those who served their country in the Vietnam and Korean conflicts.

Your Committees further find that Hawaii played a significant role in the Vietnam War. The Pacific Command, located in our State, played a crucial role in the Vietnam War. The 25th and the 29th infantry, who served in Vietnam were Hawaii's own. Our State was the only state in the union designated as a R&R center. The last American soil touched by

our troops enroute to Vietnam was Hawaiian soil. Those who returned, returned first to Hawaii. Furthermore, many of Hawaii's citizens have experienced the loss of loved ones to the Vietnam conflict.

Your Committees also recognize that although the cause for which those who fought were similar, the nature of the Korean and the Vietnam conflicts differed greatly. Each was unique in its own right and it would do those who served a disservice by combining and commemorating their experience, their valor and their sacrifices in a single memorial. Your Committees have therefore amended this bill to provide for separate memorials to be planned and constructed for each of the two wars.

Your Committees have further amended this bill by setting the amount appropriated to \$20,000 in order to assist the commission as to expenses it may incur to effectuate the purposes of this measure.

Your Committees on Human Services and Higher Education and the Arts are in accord with the intent and purpose of S.B. No. 1471, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1471, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Pfeil.

SCRep. 941-88 Human Services and Judiciary on S.B. No. 3135

The purpose of this bill is to appropriate \$150,541 to implement an intensive parole supervision pilot program.

This program offers a support system to parolees who have served their period of incarceration and are making the transition back into the community. Chances for a positive adjustment are enhanced through the daily monitoring and weekly evaluations by parole officers as provided by S.B. No. 3135.

Your Committees on Human Services and Judiciary are in accord with the intent and purpose of S.B. No. 3135 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Andrews, Peters and Jones.

SCRep. 942-88 Labor and Public Employment on S.B. No. 2389

The purpose of this bill is to give certain retirees a special cost of living bonus for each year of the retirant's service.

Prior to enactment of chapter 89, Hawaii Revised Statutes, (collective bargaining), the practice of the Legislature was to grant to retirees the same pay increases it approved for employees in active service. Since the enactment of Chapter 89, retirees have had to approach the Legislature to request adjustments.

The bill would change the amount of the special cost of living bonus as follows:

(1) \$3.50 a month for each year of the retirant's or pensioner's credited service, if the person retired prior to July 1, 1965;

(2) \$2.50 a month for each year of the retirant's or pensioner's credited service if the person retired after June 30, 1965, but prior to July 1, 1970;

(3) \$1.50 a month for each year of the retirant's or pensioner's credited service if the person retired after June 30, 1970, but prior to July 1, 1975; and

(4) \$1.00 a month for each year of the retirant's or pensioner's credited service if the person retired after June 30, 1975, but prior to July 1, 1982.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2389, 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. 943-88 Labor and Public Employment and Education on S.B. No. 3018

The purpose of this bill is to establish and fund a classification/compensation appeals board for educational officers and to provide additional benefits to educational officers who are given special assignments that increase their responsibilities.

Your Committees received testimony from the Board of Education and the Hawaii Government Employees Association. Based on their recommendations, your Committees have amended the bill to provide that educational officers with special assignments may receive additional benefits when their responsibilities are greater than those falling within the scope of their ordinary duties and responsibilities. This amendment makes it more clear that additional benefits will not be provided when educational officers are fulfilling their normal duties and responsibilities.

Your Committees on Labor and Public Employment and Education are in accord with the intent and purpose of S.B. No. 3018, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.D. No. 3018, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Pfeil.

SCRep. 944-88 Labor and Public Employment and Judiciary on S.B. No. 2171

The purpose of this bill is to increase the salary of respective district court judges from \$59,500 to \$64,500 a year by amending section 604-2.5, Hawaii Revised Statutes. This bill further provides that district family court judges will receive the same salary compensation as other district court judges.

Your Committees received favorable testimony in support of this bill from the Hawaii State Bar Association, the Office of the Public Defender, State of Hawaii, and from the law firm of Douthit and Darrah, Lawyers. The testimony reflected that in order to attract talented and capable prospective judges and to retain the competent appointees we currently have, salaries of district court judges should be increased.

Your Committees on Labor and Public Employment and Judiciary are in accord with the intent and purpose of S.B. No. 2171, 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 except Representative Andrews.

SCRep. 945-88 Labor and Public Employment on S.B. No. 2269

The purpose of this bill, as received by your Committee, is to create salaried executive director and deputy executive director positions to be appointed by the Board of Trustees of the Employees' Retirement System of the State of Hawaii.

Section 88-29, Hawaii Revised Statutes, currently provides for the appointment of a secretary by the Board of Trustees. This bill, as received by your Committee, deletes reference to a secretary and instead authorizes the Board of Trustees to appoint an executive director and a deputy executive director at salaries of \$61,560 a year and \$55,404 a year, respectively.

Your Committee received testimony from the Director of Personnel Services and Hawaii Government Employees Association supporting the intent of this bill. The Director of Personnel Services made recommendations to amend the bill because the provisions of the bill are mutually exclusive since it provides for coverage by civil service classification and compensation laws, yet exempts the positions from compensation laws through a statutory designation of pay rate.

Your Committee has amended this bill by removing the position of executive director from the civil service provisions of chapters 76 and 77 so that the salary for this position may be set statutorily at \$61,560. Your Committee has further amended this bill by keeping the deputy executive director position as a civil service position pursuant to chapters 76 and 77, and deleting reference to the \$55,404 annual salary.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2269, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2269, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 946-88 Labor and Public Employment on S.B. No. 2272

The purpose of this bill is to provide for adjustments and changes in compensation for promotions, reallocations, repricing or temporary assignments, and voluntary demotions.

Under section 77-10, Hawaii Revised Statutes, comparable rates of compensation for promotion, reallocation, repricing or temporary assignment upwards, and voluntary demotion are not included in the compensation and adjustment rules of the state compensation law when the personnel action involves movement from one bargaining unit to another. This bill includes such actions within section 77-10 and provides for a retroactive effective date to October 1, 1987, for promotions, reallocations, and repricing or temporary assignments upwards.

Your Committee received supporting testimony from the Hawaii Government Employees Association and finds that new compensation adjustment articles negotiated by HGEA/AFSCME, UPW, HFFA, and SHOPO on behalf of employees are only applicable to personnel actions occurring within a particular bargaining unit and not between bargaining units. The bill will allow for comparable rates of compensation when the personnel action involves movement from one bargaining unit to another.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2272, 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. 947-88 Labor and Public Employment on S.B. No. 2184

The purpose of this bill is to allow teachers whose hours are equal to one-half of a full-time equivalent position to be included in collective bargaining unit 5.

Your Committee heard testimony that all half-time employees in the public sector are represented by collective bargaining representatives with the exception of teachers. The employees in Unit 5 are not afforded the same representation as their counterparts in other bargaining units. Your Committee believes that the half-time teachers should be afforded the same opportunity to be represented by collective bargaining.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2184, 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. 948-88 Labor and Public Employment on S.B. No. 2072

The purpose of this bill is to make appropriations for cost items for negotiated agreements for employees excluded from collective bargaining Unit 5 for the 1987-1989 fiscal biennium. The salary adjustments are to be retroactively effective to September 1, 1987.

Your Committee heard favorable testimony from the Department of Education and from the Office of Collective Bargaining.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2072 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 949-88 Labor and Public Employment on S.B. No. 2268

The purpose of this bill is to provide beneficiaries of certain state employees an additional option in the manner in which they may receive death benefits.

Currently, a beneficiary of an in-service contributory member who has had ten years of service at the time of death, but was not eligible for service retirement has no other option than to receive death benefits in a single lump sum. This bill would provide beneficiaries of these members the option of either choosing a lump sum death benefit or a lifetime benefit.

Your Committee agrees with testimony presented by the State's Employees' Retirement System and the City and County of Honolulu that passage of this bill will correct inequities in the current retirement system which affords non-contributory members but not contributory members, the option provided by this bill.

Your Committee has amended the bill to change the Public Employees' Retirement System to include in the definition of sewer worker a wastewater collection system helper, and wastewater collection system supervisor. This amendment will allow service retirement without reduction for a public employee with at least 25 years of credited service, the last five years of which are credited as a sewer worker.

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

Signed by all members of the Committee.

SCRep. 950-88 Labor and Public Employment on S.B. No. 3030

The purpose of this bill is to merge the pension accumulation fund and the post retirement fund.

Currently, the pension accumulation fund and the post retirement fund are separate. A merger of these funds will allow the Employees' Retirement System to eliminate the dual accounting system presently being used and thereby improve efficiency. Further, a merger of these funds will correct the inequity that exists in that interest from earnings derived from use of employees' contributions to the post retirement fund is not credited to the employees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3030, 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. 951-88 Labor and Public Employment on S.B. No. 251

The purpose of this bill, as received by your Committee, is to designate the third Monday in January as a state holiday to be known as Aloha Spirit Day (Martin Luther King Day) and to repeal Good Friday as a state holiday.

Your Committee received overwhelming testimony in support of designating the third Monday in January as a state holiday in honor of Martin Luther King. However, a majority testified that to truly honor Dr. King, the holiday should be named solely for him, rather than "Aloha Spirit Day."

Your Committee agrees that this is an opportunity to pay homage to a man who fought for human rights and economic justice for all people and to honor this great American who continues to inspire those who strive to make equal justice and opportunity a reality for all.

Dr. King was a man of unique and heroic stature, a man of peace and nonviolence who changed the course of our country from a nation preaching equality of opportunity to a nation committed to equality of opportunity.

Dr. King has provided us with a model for all to strive toward. He spoke of a dream, a vision of the world that was and is uniquely American. The dream and ideas he articulated could only happen in the United States. At the center of this vision is the hope and absolute insistence that this country live up to the standards set forth in the Declaration of Independence.

His life calls us to reaffirm our commitment to work for the inclusion of all people in the struggle for freedom and justice. Your Committee is of the opinion that there would be no greater tribute to Dr. King than to establish this state holiday to commemorate all who have dedicated their lives to civil liberties especially those who have participated in the struggle for social justice and human liberty in Hawaii.

Your Committee has amended the bill to honor Dr. King by naming the third Monday in January as Martin Luther King, Jr., Day. The bill also has been amended by retaining Good Friday as a state holiday.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 251, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 251, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 952-88 Labor and Public Employment on S.B. No. 2273

The purpose of this bill is to allow collective bargaining agreements to supercede over State laws requiring overtime compensation.

Under section 104-2, Hawaii Revised Statutes, contractors are required to pay laborers and mechanics one and one-half the basic hourly wage for Saturday, Sunday, holidays, and overtime on State and County public works construction projects. This bill allows the contractor and the collective bargaining representative to agree to wage rates that provide greater flexibility and which may vary from the wage rates under section 104-2, Hawaii Revised Statutes.

Your Committee heard testimony from the Subcontractors' Association, the Hawaii Construction Industry Association, and the Construction Industry Legislative Organization in favor of the bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. 2273, 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. 953-88 Labor and Public Employment on S.B. No. 2349

The purpose of this bill is to provide that Act 225, Session Laws of Hawaii 1987, shall not limit the right and ability of any public officer or employee to receive salary increments, reallocations, or any other form of pay increase derived or gained through established civil service procedures, nor to deny or restrict petitions for appeal.

Act 225 was enacted as a follow-up to Act 157, Session Laws of Hawaii 1986, which mandated a pay equity study of certain classes of public employment to determine whether there is wage discrimination based on sex in job evaluation systems used by the counties and the State. The study found no wage discrimination based on sex and concluded that there is no reason to change the current job pricing system; however, State and county assessments of a few classes of work were found to be at variance with the consultant's findings.

Act 225 adjusted the pay for a few classes at variance with the findings of Act 157 and mandated the Conference of Personnel Directors to conduct a special review and make recommendations to the 1988 legislature. This bill seeks to insure that employees in classes of work identified by the consultant pursuant to Act 157 as properly compensated shall continue to be eligible for the usual compensation and appeal procedures afforded other public employees under civil service law.

Your Committee received testimony from the Director of Personnel Services and HGEA-AFSCME Local 152 and finds that the Public Employees Compensation Appeals Board (PECAB) has received appeals from public employees who had been identified as properly valued or compensated pursuant to Act 225, and PECAB, on the advice of the Attorney General, has declined to take action on those classes inasmuch as Act 225 directed that the reassessment of such classes was to be conducted by the Conference of Personnel Directors with recommendations submitted to the 1988 Legislature.

Your Committee further finds that there is ambiguity in Act 225 which gives rise to legitimate concerns that classes of employment currently considered properly priced and valued may be so priced and valued forever. This bill would statutorily insure continuing civil service compensation protection for workers in such classes and is therefore consistent with the intent of the Legislature in enacting Acts 157 and 225.

Your Committee has amended the bill based on the recommendation of the Director of Personnel Services by modifying the language in the bill to be less specific. This amendment accomplishes the bill's intent, which is to permit appeals by employees in classes covered by the study mandated by Act 157. It would also allow PECAB during its 1989 deliberations to rule on appeals submitted during the 1987 deliberations. PECAB may also recommend a retroactive date of July 1, 1988 for those classes on which it took no action based on the the advice of the Attorney General.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2349, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2349, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 954-88 Health on S.B. No. 3218

The purpose of this bill is to facilitate the tax exemption process for persons who are blind, hearing impaired, or totally disabled. The bill provides that the exemption for income and excise taxes be certified directly by the Department of Taxation and that certification for real property exemption shall be done by a qualified ophthalmologist, optometrist, or otolaryngologist in the case of sight and hearing impaired and by a licensed physician under Chapter 453, Hawaii Revised Statutes, for persons claiming to be totally disabled.

Your Committee finds that the current law requiring certification by a medical officer of the Department of Health is cumbersome for those living on Neighbor Islands or due to the unavailability of a medical officer. Shifting certification responsibilities from the Department of Health to the Department of Taxation would facilitate the process for certain tax exemptions.

Testimony in support of this bill was received by the Departments of Taxation and Health.

Your Committee has amended the bill as recommended by the Departments of Taxation and Health as follows:

- (1) In Section 235-1, Hawaii Revised Statutes, the definitions of the terms "deaf" and "person totally disabled" have been amended by referring to the Department of Taxation and deleting reference to the Department of Health as found in the definition of "blind" in order to link them to the certification process.
- (2) In Section 235-1 and Section 246-31, subsection (b), Hawaii Revised Statutes, the qualification of the physician has been clarified by adding that they be licensed under Chapter 453 or 460.
- (3) In Section 235-1 and Section 246-31, subsection (a) and (b), Hawaii Revised Statutes, the bill has been amended to provide that certification be on forms prescribed by the Department of Taxation.
- (4) Other non-substantive technical changes have been made for the purposes of style and clarity.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3218, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3218, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 955-88 Health on S.B. No. 3214

The purpose of this bill is to replace the term "crippled children" with the term "children with special health needs" in Chapter 321, Hawaii Revised Statutes.

Your Committee received testimony from the Department of Health in support of this measure. Testimony indicated that the term "crippled" is archaic and that most children served under Part IV of Chapter 321 are not actually crippled. This bill makes the language of the statute more consistent with contemporary usage and federal statutes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3214 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 956-88 Health on S.B. No. 2868

The purpose of this bill is to require organizations that receive state funds under Chapter 42, Hawaii Revised Statutes (HRS), to adopt a written smoking or non-smoking policy by January 1, 1989. Your Committee has amended the purpose by incorporating the language of H.B. No. 2048, H.D. 2 which was included in the House majority package and was passed by the House. The purpose, as amended, is to expand Chapter 328K, Smoking, Part II, Smoking in the Workplace, to apply the regulations of smoking in the office workplace to any private corporation, firm, or association receiving state funding pursuant to Chapter 42.

Your Committee heard testimony from the Department of Health, the American Cancer Society, the Hawaii Public Health Association, the Hawaii Heart Association, the Hawaiian Islands Non-smokers Organization and the Hawaii Nurses Association. These organizations testified that they regretted the dilution of the original bill and asserted that the current language did nothing to protect the rights and health of non-smokers which was the intent of the original bill. In fact, it was contended that the original language could be construed as a step backwards since it would mandate a written policy outlining the rights of smokers where none existed before.

The Chamber of Commerce and the Retail Merchants of Hawaii, despite their opposition to government mandates on private sector businesses, testified that they found the original bill acceptable, but the Tobacco Institute testified in opposition stating that even the requirement to establish a written policy was too much of an encroachment.

Your Committee believes that as more and more information about the dangers of second hand or passive smoking becomes available, that non-smokers working for organizations receiving Chapter 42 funding should be afforded the same protections that the Legislature has seen fit to mandate for those in the government workplace.

Your Committee has thus amended the bill by deleting the original bill in its entirety and substituting the content of H.B. 2048, H.D. 2.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2868, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2868, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 957-88 Health on S.B. No. 2869 (Majority)

The purpose of this bill is to require any private corporation, firm, association, or any other private sector organization not covered under Part II, Chapter 328K, Hawaii Revised Statutes, which employs more than ten persons on a full-time basis, to adopt a written smoking or non-smoking policy by January 1, 1989. Your Committee has changed the purpose of the bill by stipulating that said written policy is to protect the rights of non-smokers and by incorporating the language of H.B. 2047, H.D.2 which was passed by the House and which prohibits the distribution of free tobacco products.

Your Committee finds that there is increasing evidence that second-hand or passive smoke is a health risk, particularly in the workplace. In a recent letter to Governor Waihee, Surgeon General C. Everett Koop summarizes the findings of his December 1986 report on The Health Consequences of Involuntary Smoking. He notes that "involuntary smoking is a cause of distress, including lung cancer, in healthy nonsmokers" and that "the children of parents who smoke compared with the children of nonsmoking parents have an increased frequency of respiratory infections, increased respiratory symptoms, and slightly smaller rates of increase in lung function as the lung matures."

The Surgeon General concludes his letter to the Governor: "Based on the favorable experience with smoking regulations affecting Federal buildings, I would urge you to support the adoption of clean indoor air regulations or legislation in Hawaii. If legislation or regulations restricting smoking are already in place, you may consider strengthening the rules if exposure to environmental tobacco smoke still occurs. Nonsmokers should be protected from exposure to tobacco smoke in transportation vehicles, restaurants, other public places, and especially the workplace." Your Committee finds that this bill represents a step towards accomplishment of this goal.

Your Committee heard testimony from the Department of Health, the American Cancer Society, the Hawaii Public Health Association, the Hawaii Heart Association, the Hawaiian Islands Non-Smokers Association and the Hawaii Nurses Association, and the Hawaii Thoracic Society. There was agreement among these groups that this bill, as received by this Committee, would not serve to protect the health of non-smokers, which was the original legislative intent. These groups testified that a bill merely requiring a written smoking policy was a weak gesture which would not afford non-smokers protection from second hand smoke.

Your Committee also heard testimony from the Hawaii Food Industry Association, the Chamber of Commerce and the Retail Merchants of Hawaii who did not object to the bill in its original form, and from the Tobacco Institute who felt it was an unwarranted incursion into the private sector.

Your Committee heard testimony recommending incorporation of the language of H.B. 2047, H.D. 2, as passed by the House, which bans the distribution of free tobacco products. Your Committee believes that this ban, together with the requirement that the private sector adopt a written policy to protect the rights of nonsmokers, represents a meaningful action to protect the public health.

Your Committee has amended this bill in the following ways:

(1) We have incorporated the content of H.B. No. 2047, H.D. 2, as passed by the House, into the bill as Sections 1 and 2. We have renumbered the subsequent sections.

(2) In Section 3 of the bill, under "Regulation of smoking in private businesses", we have deleted the modifier "smoking or non-smoking" from "policy" and added the phrase "to protect the rights of non-smokers" to emphasize the intent of the bill.

(3) In the same Section under "enforcement", the entire section now reads "The Director of Health shall adopt rules to administer this part" and the rest of the sentence has been deleted.

(4) Your Committee has made technical, non substantive 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. 2869, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2869, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
(Representatives M. Ige, Peters and Shito did not concur.)

SCRep. 958-88 Health on S.B. No. 3219

The purpose of this bill is to allow the County/State Hospitals Division of the Department of Health to purchase medical diagnostic and therapeutic equipment without using the bidding procedure on a five-year trial basis and to require the Department of Health and the Department of Accounting and General Services to submit reports to the Legislature during the trial period.

Your Committee has amended this bill to delete the exemption of the County/State Hospitals Division from bidding requirements on certain equipment, and to require bidding in a modified and slightly more flexible form, subject to approval by the Department of Accounting and General Services.

Your Committee heard testimony from the Department of Health in support of this bill. The Department testified that an exception to the bidding requirements would allow for the purchase of operationally compatible medical diagnostic and therapeutic machinery which will reduce maintenance and operational cost and provide interchangeable parts in the event of emergency break down.

While understanding the concerns of the Department of Health, your Committee is not convinced that the bidding process cannot be made to accommodate the needs of the County/State Hospitals Division. Therefore, your Committee has amended this bill by requiring that the purchase of medical diagnostic and therapeutic equipment for the County/State Hospitals Division of the Department of Health be made under the bidding procedures. This bill is further amended to provide that the Department of Health shall not be required to adjust specifications should only one vendor qualify to bid. Your Committee finds that it is a widely held principle that public authorities may award the contract to a higher bidder if the materials, articles, or work which the bidder proposes to furnish are better in quality or more suitable to the intended purpose than the low bidder. This bill, as amended, specifically supports this principle by providing that the Department of Health need not be bound to accept the lowest bid if it is inconsistent with the needs of the County/State Hospitals Division.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3219, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3219, 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. 959-88 Health on S.B. No. 2514

The purpose of this bill is to grant the Director of Health certain powers to enhance personnel recruitment and retention and to set up establishment of special funds for the County/State Hospitals Division of the Department of Health.

Your Committee finds that the County/State Hospital Division has been encountering severe recruitment difficulties particularly for professional medical personnel. The entire State is undergoing a shortage of nurses and the Division is not in a position to competitively recruit these and other health professionals. This bill empowers the director of the Department of Health to offer certain perquisites such as monetary incentives, travel and moving expenses, etc. Your Committee believes that these measures would help to address the ongoing recruitment and retention problems in the Division.

Your Committee heard testimony from the Director of Personnel Services for the State of Hawaii, however, who was concerned about the effect of this bill on other programs within the Department of Health which employ many of the same categories of employees. The Director of the Division explained that only the County/State Hospitals had sufficient excess revenues to institute such perquisites at the present time. Your Committee feels strongly that such perquisites should be made available to all Department of Health employees who hold comparable positions, in particular those employed by Waimano Training School and Hospital and the State Hospital. We hope to see legislation introduced in the next legislative session to address this inequity.

Your Committee believes that the special funds established in Section 2 of this bill address the need for flexibility on the part of the Division while requiring accountability to the Director of Finance. Your Committee believes this is appropriate in light of the criticisms of the Legislative Auditor's A Study of the County/State Hospital Program.

Specifically, this bill establishes a special fund, to be administered by the Department of Health, for the purposes of defraying general administrative costs of the County/State Hospitals Division and providing a mechanism for the transfer of moneys between individual hospital special fund accounts so as to utilize unrequired balances from one account to supplement insufficient balances in another account. To prevent the continued commingling of general fund appropriations with special fund moneys, the language of the bill prohibits the Director of Finance from allotting general fund appropriations for the operating expenses of county/state hospitals unless he finds that the moneys in the individual hospital and hospital administration special funds are insufficient to meet the required lawful expenditures.

In addition to the Director of Personnel, your Committee heard testimony from the Department of Health and the Hawaii Government Employees Association, all in support of its passage.

Your Committee has amended the bill in the following ways:

(1) In Section 1 of the bill we have added the phrase "and retention" after "personnel recruitment" in the title of the new section to reflect the original intent and purpose of the legislation.

(2) In Section 2 (a) of the bill, in the second sentence, we have substituted the phrase "not to exceed two percent" for the original "equal to five percent" in the discussion of assessment amounts due from each hospital special fund to the hospital administration fund.

(3) In the same section, in the phrase "the Director of Health shall transfer all moneys remaining in a special fund, etc." the word "may" has been substituted for "shall" in order to give the hospital administrators incentives for cost containment and collections.

Your Committee on Health is in accord with the intent and purpose of S.B. 2514, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2514, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 960-88 Health on S.B. No. 1541

The purpose of this bill is to establish the 1987 "Uniform Anatomical Gift Act" which was drafted by the National Conference of Commissioners on Uniform State Laws.

Your Committee finds that there is a critical shortage of organs suitable for transplantation in this State. This bill will facilitate the donation and recovery of organs and tissue for transplantation and would greatly benefit those awaiting organ transplants and tissue implants.

Testimony was received in support of this bill from the Hawaii Lions Eye Bank and Makana Foundation, Saint Francis Medical Center, Department of Health, and numerous doctors from the John A. Burns School of Medicine, University of Hawaii. All concurred that this bill would significantly improve efforts to increase organ and tissue donations.

Nonsubstantive technical changes have been made to correct typographical errors in the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. 1541, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1541, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 961-88 Health on S.B. No. 2052

The purpose of this bill is to repeal Section 325-11, Hawaii Revised Statutes, which prohibits spitting in public.

Your Committee received testimony from the Department of Health and the Honolulu Police Department favoring passage of this bill. Testimony indicated that when this law was enacted, spitting was believed to be a method of transmitting tuberculosis. However, tuberculosis is spread by means of close contact and airborne spread of tuberculosis requires sharing a common air space such as in a crowded household or prison. Thus, spitting in public is no longer considered a significant source of the transmission of tuberculosis or any other disease.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2052 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 962-88 Health on S.B. No. 2050

The purpose of this bill is to repeal Section 321-8, Hawaii Revised Statutes, which establishes the rodent control revolving fund within the Department of Health.

Your Committee received testimony from the Department of Health in support of this bill. The Department's testimony indicated that the use of state employees to ratproof structures with materials purchased out of the fund has been gradually phased out, while greater emphasis has been placed on a public self-help program whereby trained staff assist householders after a thorough inspection of the property.

Your Committee finds that the rodent control revolving fund is obsolete and that other methods of rodent control are available which are satisfactory to meet the needs of the public.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2050 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 963-88 Health on S.B. No. 2168

The purpose of this bill is to increase accessibility to public buildings by requiring consideration of the needs of the handicapped in the construction of public buildings.

This bill requires that all public buildings and facilities constructed by the State or any political subdivision thereof, conform to the Uniform Federal Accessibility Standards (24 CFR Part 40) in place of the American Standards Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped. The bill also includes a waiver provision whereby the Governor, in the case of a state project, or the Mayors, in the case of a county project, have the authority to waive one or more of the UFAS accessibility standards.

Testimony was received in support of this bill from the Commission on the Handicapped, Handicapped Network, Paralyzed Veterans, Hawaii Center for Independent Living, and Mayor's Committee on the Handicapped. There was deep concern and strong opposition to the waiver provision as the above groups felt that the language was overly broad and would not guarantee that the needs of handicapped persons will be taken into consideration.

The Department of Accounting and General Services testified in preference of ANSI because of the latitude it allowed, but found UFAS acceptable with the proviso that the Governor or Mayor may waive specific requirements.

Your Committee feels that present ANSI standards are vague and that stronger standards are needed to provide greater direction to architects and public agencies in the construction of public buildings so that public programs and services are accessible to physically disabled persons.

Your Committee also feels it is important to insure accessibility for the handicapped to public buildings and has amended the bill as follows:

- (1) The waiver provision allowing the Governor or Mayors to waive specific requirements has been deleted from this bill.
- (2) Language has been added in which any unauthorized deviation from UFAS standards shall be rectified by full compliance within 120 days after its discovery.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2168, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2168, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 964-88 Health on S.B. No. 2871

The purpose of this bill is to clarify confidentiality issues surrounding medical information which identifies persons who have been tested for the presence of HIV infection or who may have a condition related to HIV infection. The bill protects the confidentiality of medical records of an HIV infected individual while authorizing the release of sufficient information to third party payors to insure reimbursement of health care providers for services rendered. In addition this bill permits such information to be transmitted from one health care provider to another who is taking over the case or providing initial treatment.

Your Committee finds that confidentiality issues in regard to HIV infected individuals are a subject of continuing concern among those individuals, health care providers and third party payors such as insurers. Your Committee believes that the present bill represents a well thought out balance of interests which insures both confidentiality and access to necessary information.

Your Committee heard testimony on this bill from the American Civil Liberties Union, the Hawaii Medical Records Association, the Department of Health and the Life Foundation. The last three organizations supported the amendments proposed by the ACLU which were the culmination of extensive meetings among concerned parties. The Healthcare Association of Hawaii supported the bill as received by this Committee while the Gay Community Center supported the intent, but had reservations about whether or not the language permitting release of information was too broad. This last organization also raised a question about the Senate's amendment of the title of the Chapter from "Sexually Transmitted Diseases" to "HIV Infection, AIDS, and ARC".

Your Committee also questioned this change which has the effect of removing confidentiality safeguards from medical records of individuals with other sexually transmitted diseases. We find, however, that the language of the section was far too broad and was unworkable as it would have required healthcare workers to mask the patient identifiers on literally hundreds of pages of medical records. Although we remain concerned about confidentiality for other sexually transmitted diseases, there is no question that HIV infected individual are at far greater risk for discrimination and other problems at the present time.

Your Committee has amended the bill in the following ways:

- (1) In Section 2 (a)(5) of the bill, we have replaced the term "sexually communicable diseases" with "HIV infection, AIDS, and ARC" in order to be consistent with the revised title of the Chapter.

(2) We have deleted Section 2 (a)(9) since we believe that it is overly broad and is subject to potential abuse. Paragraph (10) thus becomes (9).

(3) In the new paragraph (9) we have added the phrase "after an in camera review of the information" after "court order" in order to insure that a judge reviews the medical information privately before he rules on the necessity of its release.

(4) We have made technical and clarifying language changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2871, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2871, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 965-88 Housing and Community Development on H.R. No. 161

The purpose of this resolution is to urge the City and County of Honolulu to increase property tax rates on all residential properties, while simultaneously increasing home exemptions accordingly to insulate homeowners from the increase and to force speculators to carry a heavier burden.

A Representative from the Kahala area testified that, while the merits of foreign investments is unquestionable, the negative impacts that may be placed on the residents and taxpayers of Hawaii must be considered.

Figures provided by the Acting Director of Finance from the City and County of Honolulu show that, from January 1, 1987, to January, 1988, land values in certain areas from Black Point to Hawaii Kai rose 25 percent.

Your Committee on Housing and Community Development concurs with the intent and purpose of H.R. No. 161 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cavasso.

SCRep. 966-88 Housing and Community Development on H.C.R. No. 120

The purpose of this resolution is to urge the City and County of Honolulu to increase property tax rates on all residential properties, while simultaneously increasing home exemptions accordingly to insulate homeowners from the increase and to force speculators to carry a heavier burden.

A Representative from the Kahala area testified that, while the merits of foreign investments is unquestionable, the negative impacts that may be placed on the residents and taxpayers of Hawaii must be considered.

Figures provided by the Acting Director of Finance from the City and County of Honolulu show that, from January 1, 1987, to January, 1988, land values in certain areas from Black Point to Hawaii Kai rose 25 percent.

Your Committee on Housing and Community Development concurs with the intent and purpose of H.C.R. No. 120 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cavasso.

SCRep. 967-88 Human Services and Health on H.R. No. 22

The purpose of this resolution is to request the Congress of the United States to establish a Veterans Administration Hospital in Hawaii.

Hawaii has the highest ratio of veterans per capita as well as the highest proportion of disabled veterans over age 65, yet remains only one of two states that does not have a Veterans Administrative Hospital. Your Committee finds that a Veterans Hospital would provide excellent inpatient care, customized care, and be an ideal base for outreach services for our expanding veteran population residing in the Pacific basin region.

In order to maximize our medical and fiscal resources, and to allow our veterans to receive top priority, a location other than Tripler is preferred. Therefore, your Committee has amended H.R. No. 22 by:

1. Deleting "AT TRIPLER HOSPITAL" in the title.
2. Deleting paragraph two.
3. Deleting "at Tripler Hospital" in paragraph seven.

Your Committees on Human Services and Health concur with the intent and purpose of H.R. No. 22, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 22, H.D. 1.

Signed by all members of the Committees.

SCRep. 968-88 Human Services and Health on H.C.R. No. 19

The purpose of this concurrent resolution is to request the Congress of the United States to establish a Veterans Administration Hospital in Hawaii.

Hawaii has the highest ratio of veterans per capita as well as the highest proportion of disabled veterans over age 65, yet remains only one of two states that does not have a Veterans Administrative Hospital. Your Committee finds that a Veterans Hospital would provide excellent inpatient care, customized care, and be an ideal base for outreach services for our expanding veteran population residing in the Pacific basin region.

In order to maximize our medical and fiscal resources, and to allow our veterans to receive top priority, a location other than Tripler is preferred. Therefore, your Committee has amended H.C.R. No. 19 by:

1. Deleting "AT TRIPLER HOSPITAL" in the title.
2. Deleting paragraph two.
3. Deleting "at Tripler Hospital" in paragraph seven.

Your Committees on Human Services and Health concur with the intent and purpose of H.C.R. No. 19, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 19, H.D. 1.

Signed by all members of the Committees.

SCRep. 969-88 Human Services and Education on H.R. No. 21

The purpose of this resolution is the development of a vocational educational training program for the wards of Hawaii Youth Correctional Facility.

The lack of appropriate vocational programs at Hawaii Youth Correctional Facility was a finding of the 1986 Management Audit. Many wards who need and deserve this training are still denied the opportunity. The problem may be that the responsibility of creating such a training program remains poorly defined. Also, low aptitudes in basic skills and short term incarceration periods for many wards are issues that have yet to be resolved. H.R. No. 21 requests that the Departments of Corrections and Education jointly develop a systematic vocational education plan for the Hawaii Youth Correctional Facility that addresses these concerns.

Your Committees on Human Services and Education concur with the intent and purpose of H.R. No. 21, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 970-88 Human Services and Education on H.C.R. No. 18

The purpose of this resolution is the development of a vocational educational training program for the wards of Hawaii Youth Correctional Facility.

The lack of appropriate vocational programs at Hawaii Youth Correctional Facility was a finding of the 1986 Management Audit. Many wards who need and deserve this training are still denied the opportunity. The problem may be that the responsibility of creating such a training program remains poorly defined. Also, low aptitudes in basic skills and short term incarceration periods for many wards are issues that have yet to be resolved. H.C.R. No. 18 requests that the Departments of Corrections and Education jointly develop a systematic vocational education plan for the Hawaii Youth Correctional Facility that addresses these concerns.

Your Committees on Human Services and Education concur with the intent and purpose of H.C.R. No. 18, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 971-88 Agriculture and Education on H.R. No. 118

The purpose of this resolution is to urge the development of a public education program about the sugar industry.

Your Committees find that the benefits of Hawaii's sugar industry to the socio-economic well being of these islands is not well known in the general community.

Your Committees further find that except in the communities that would be devastated by the demise of the sugar industry, its impact on the State's overall agriculture, on the attractiveness of the islands to visitors, and on the general economy of the State are not recognized.

Your Committees conclude that an education program that is well conceived and executed can contribute to public awareness of the benefits of Hawaii's sugar industry, and thus encourage support of the industry.

This resolution was amended to indicate that the Governor's Agriculture Coordinating Committee would be the lead agency.

Your Committees on Agriculture and Education concur with the intent and purpose of H.R. No. 118, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 118, H.D. 1.

Signed by all members of the Committees.

SCRep. 972-88 Agriculture and Education on H.C.R. No. 84

The purpose of this concurrent resolution is to urge the development of a public education program about the sugar industry.

Your Committees find that the benefits of Hawaii's sugar industry to the socio-economic well being of these islands is not well known in the general community.

Your Committees further find that except in the communities that would be devastated by the demise of the sugar industry, its impact on the State's overall agriculture, on the attractiveness of the islands to visitors, and on the general economy of the State are not recognized.

Your Committees conclude that an education program that is well conceived and executed can contribute to public awareness of the benefits of Hawaii's sugar industry, and thus encourage support of the industry.

This concurrent resolution was amended to indicate that the Governor's Agriculture Coordinating Committee would be the lead agency.

Your Committees on Agriculture and Education concur with the intent and purpose of H.C.R. No. 84, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 84, H.D. 1.

Signed by all members of the Committees.

SCRep. 973-88 Agriculture and Water, Land Use, Development and Hawaiian Affairs on H.R. No. 120

The purpose of this resolution is to request a study of marketing and production of alternative crops.

Your Committees find that in December of 1987 the College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa submitted to the Legislature a report on House Resolution No. 327, House Draft 1, "Requesting a Progress Report on Studies to Define the Ecological and Economic Viability of Alternative Crops for Hawaii."

Your Committees also find that the College of Tropical Agriculture and Human Resources have for several years conducted a major project to develop a methodology for analyzing the potential for new diversified agricultural crops, called the production-marketing-consumption system.

Your Committees received testimony in favor of this resolution from the Board of Agriculture, the College of Tropical Agriculture and Human Resources, and the Department of Business and Economic Development.

Your Committees have amended this resolution to designate the Governor's Agriculture Coordinating Committee as the lead agency.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs concur with the intent and purpose of H.R. No. 120, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 120, H.D. 1.

Signed by all members of the Committees.

SCRep. 974-88 Agriculture and Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 86

The purpose of this concurrent resolution is to request a study of marketing and production of alternative crops.

Your Committees find that in December of 1987 the College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa submitted to the Legislature a report on House Resolution No. 327, House Draft 1, "Requesting a Progress Report on Studies to Define the Ecological and Economic Viability of Alternative Crops for Hawaii."

Your Committees also find that the College of Tropical Agriculture and Human Resources have for several years conducted a major project to develop a methodology for analyzing the potential for new diversified agricultural crops, called the production-marketing-consumption system.

Your Committees received testimony in favor of this concurrent resolution from the Board of Agriculture, the College of Tropical Agriculture and Human Resources, and the Department of Business and Economic Development.

Your Committees have amended this concurrent resolution to designate the Governor's Agriculture Coordinating Committee as the lead agency.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs concur with the intent and purpose of H.C.R. No. 86, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 86, H.D. 1.

Signed by all members of the Committees.

SCRep. 975-88 Water, Land Use, Development and Hawaiian Affairs on H.R. No. 107

The purpose of this resolution is described in the title.

Your Committee heard testimony from the Office of Hawaiian Affairs, from the County of Hawaii, and from the Sierra Club in favor of this resolution. Bishop Estate expressed concerns that greater public access may result in site degradation and may expose landowners to the possibility of having to defend against a liability suit.

Your Committee believes these risks are relatively small compared to the importance of the public's traditional right to use trails. Furthermore, vandalism might best be reduced by increasing public use.

Your Committee has amended this resolution to request that the department of land and natural resources report back twenty days prior to the next session with an implementation plan, progress report and a report of problems which may need legislative action, including a budget recommendation.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 107, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 107, H.D. 1.

Signed by all members of the Committee.

SCRep. 976-88 Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 78

The purpose of this concurrent resolution is described in the title.

Your Committee heard testimony from the Office of Hawaiian Affairs, from the County of Hawaii, and from the Sierra Club in favor of this resolution. Bishop Estate expressed concerns that greater public access may result in site degradation and may expose landowners to the possibility of having to defend against a liability suit.

Your Committee believes these risks are relatively small compared to the importance of the public's traditional right to use trails. Furthermore, vandalism might best be reduced by increasing public use.

Your Committee has amended this resolution to request that the department of land and natural resources report back twenty days prior to the next session with an implementation plan, progress report and a report of problems which may need legislative action, including a budget recommendation.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.C.R. No. 78, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 78, H.D. 1.

Signed by all members of the Committee.

SCRep. 977-88 Water, Land Use, Development and Hawaiian Affairs on H.R. No. 114

The purpose of this resolution is expressed in its title.

Your Committee heard testimony from the Department of Land and Natural Resources to the effect that it would be glad to implement this resolution if the Legislature provided the funds necessary to undertake the work. Oral testimony from a private citizen cited work done by community groups who have adopted historic sites. Testimony indicated many groups would take over the maintenance of sites if adequate leadership was provided.

Your Committee has amended this resolution to require the Department of Land and Natural Resources to prepare a report to the legislature detailing progress made and setting forth a plan for implementation of this resolution.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 114, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 114, H.D. 1.

Signed by all members of the Committee.

SCRep. 978-88 Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 76

The purpose of this concurrent resolution is expressed in its title.

Your Committee heard testimony from the Department of Land and Natural Resources to the effect that it would be glad to implement this resolution if the Legislature provided the funds necessary to undertake the work. Oral testimony from a private citizen cited work done by community groups who have adopted historic sites. Testimony indicated many groups would take over the maintenance of sites if adequate leadership was provided.

Your Committee has amended this resolution to require the Department of Land and Natural Resources to prepare a report to the legislature detailing progress made and setting forth a plan for implementation of this resolution.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.C.R. No. 76, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 76, H.D. 1.

Signed by all members of the Committee.

SCRep. 979-88 Finance on S.B. No. 2036

The purpose of this bill is to repeal Act 38, Session Laws of Hawaii 1984, which authorizes transfer of certain parks between the City and County of Honolulu and the State of Hawaii. Act 335, Session Laws of Hawaii 1987, accomplishes the same purpose with greater flexibility.

Your Committee heard testimony from the Department of Land and Natural Resources in favor of this bill. This bill is similar to H.B. No. 2255 which was heard and reported out of this Committee previously.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2036 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 980-88 Finance on S.B. No. 3310

The purpose of this bill as received by your Committee is to allow the Department of Land and Natural Resources (DLNR) to charge and collect hunting application fees in addition to selling hunting licenses.

This bill provides that license agents may collect and account for application fees. Also, DLNR may set the fee rate and fees shall be the same for each county.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3310, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 981-88 Finance on S.B. No. 2837

The purpose of this bill as received by your Committee is to increase the excise tax credit formula to keep up with inflation.

Currently, the tax credit is graduated and phases out taxpayers having adjusted gross incomes above \$20,000. The proposed change would enlarge the brackets and allow the credit to apply to adjusted gross incomes below \$30,000.

Your Committee believes that the adjustments to the income tax brackets and tax credit amounts are necessary for the continuance of the excise tax credit as a means of providing tax relief to lower income taxpayers.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2837 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 982-88 Finance on S.B. No. 2829

The purpose of this bill as received by your Committee is to clarify the computation of the capital gains tax rate and conform the method of state taxation of net capital gains of corporations more closely with the Internal Revenue Code (IRC).

This bill adds a new section to Chapter 235, Hawaii Revised Statutes (HRS), to impose an alternative tax for corporations. This section conforms with Section 1201 of the IRC. If a corporation has a net capital gain, then, in lieu of the tax imposed by section 235-71, HRS, there is imposed an alternative tax as specified in this new section to properly compute the tax.

This bill amends subsection 235-2.3(b) to remove IRC Section 1201 from the code sections that are not operative for State tax purposes. Section 235-71 is also amended to delete the provisions presently imposing a tax on capital gain.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2829, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 983-88 Finance on S.B. No. 1184

The purpose of this bill is to raise the allocation for gubernatorial transitions to \$100,000.

Your Committee believes the present amount allotted for gubernatorial transitions is too low for future costs and therefore agrees that the amount should be increased.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1184, S.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 984-88 Housing and Community Development; Water, Land Use, Development and Hawaiian Affairs; and Intergovernmental Relations on H.R. No. 134

The purpose of this resolution is to request the Planning Department of each county to study the use of mobile homes in areas which are reasonably expected to be subject to natural disasters. An analysis of what laws, if any, would need to be amended to allow the use of these types of homes would also be included.

Findings and recommendations will be submitted to the legislature twenty days prior to the convening of the 1989 Regular Session.

A resident of the Big Island supported this resolution by citing the plight of dislocated victims of the recent volcanic eruptions that claimed many Puna homes. Two facts were mentioned as contributing to the problem:

1. the Governor has yet to declare the area a disaster, thus not enabling residents to receive federal aid; and
2. the area in which these homes are situated is uninsurable.

Your Committees find that the use of mobile homes may be feasible under certain conditions and in certain areas.

Your Committees on Housing and Community Development, Water, Land Use, Development, and Hawaiian Affairs, and Intergovernmental Relations concur with the intent and purpose of H.R. No. 134 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 985-88 Housing and Community Development; Water, Land Use, Development and Hawaiian Affairs; and Intergovernmental Relations on H.C.R. No. 97

The purpose of this concurrent resolution is to request the Planning Department of each county to study the use of mobile homes in areas which are reasonably expected to be subject to natural disasters. An analysis of what laws, if any, would need to be amended to allow the use of these types of homes would also be included.

Findings and recommendations will be submitted to the Legislature twenty days prior to the convening of the 1989 Regular Session.

A resident of the Big Island supported this concurrent resolution by citing the plight of dislocated victims of the recent volcanic eruptions that claimed many Puna homes. Two facts were mentioned as contributing to the problem:

1. the Governor has yet to declare the area a disaster, thus not enabling residents to receive federal aid; and
2. the area in which these homes are situated is uninsurable.

Your Committees find that the use of mobile homes may be feasible under certain conditions and in certain areas.

Your Committees on Housing and Community Development, Water, Land Use, Development, and Hawaiian Affairs, and Intergovernmental Relations concur with the intent and purpose of H.C.R. No. 97 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 986-88 Labor and Public Employment on S.B. No. 3164

The purpose of this bill is to repeal the statutory requirement that all public employers and exclusive representatives of each bargaining unit must jointly agree upon a uniform contract expiration date. The bill will allow greater flexibility by providing for the termination of contracts on June 30 of odd-numbered years.

Your Committee reviewed favorable testimony from the Office of Collective Bargaining, testifying that this bill will add flexibility that should improve the collective bargaining process since the parties involved will be able to better address concerns of each individual bargaining unit.

Your Committee has amended the bill by inserting Section 89-6(a) to change the unit designation for bargaining unit 10 with no intended changes in the bargaining unit composition thereby.

Your Committee has further amended the bill to include improvements in elections and representation proceeding under Chapter 89.

The purpose of these amendments is to clarify and strengthen joint decision making in public sector collective bargaining and to improve election and representation proceedings under Chapter 89.

Specifically, this bill changes the unit designation for bargaining unit 10 under Section 89-6(a); modifies the showing of interest requirement to support a petition for decertification under 89-7; provides further guidelines for the conduct of elections under 89-7; and clarifies the scope of management rights under Section 89-9(d).

Your Committee recognizes that the current designation of public employees in unit 10 as "non-professional" may be considered derogatory and offensive to public workers. Accordingly, the unit description for unit 10 has been amended to read, "institutional, health and correctional workers". No changes in bargaining unit composition is intended thereby.

We have also carefully reviewed the current procedures and standards established for decertification petitions and elections in the public sector. Under existing rules and regulations, the showing of interest requirement for any form of representation petition is 30%. This standard was developed at a time when decertification cases were infrequent and not carefully reviewed. Since the passage of Chapter 89 in 1970, a number of such proceedings have developed. We note that an election was recently directed by the Board even though more than 50% of the members of a bargaining unit have voted to ratify a new agreement under Section 89-10. We do not believe that such a direction of election is consistent with the principle of majority rule or with the desire for stable employee-employer relations indicated by a favorable vote for contract ratification. Accordingly, we have modified the showing of interest requirement to support a decertification petition and mandated that no election be directed by the Board at any time that a valid collective bargaining agreement is in force and effect. We also require the Board to verify that only valid and timely signatures are counted to support such petitions. Finally, to protect bargaining unit members from undue harassment and invasions of privacy, we have amended Section 89-7 to prohibit the disclosure of names and addresses to employee organizations.

Your Committee has also reviewed the history of public sector collective bargaining and the contracts which have been negotiated under Section 89-9. To avoid any conflict which might otherwise arise between a literal reading of Section 89-9(d) and existing provisions of these contracts, we have amended that section.

Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3164, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 987-88 Health on S.B. No. 3206 (Majority)

The purpose of this bill is to designate to the Department of Health the statutory authority to administer a maternal and child health program to reduce infant and maternal mortality, and to otherwise promote the health of mothers and children.

Your Committee heard testimony from the Department of Health that this bill would strengthen the leadership role of the Department in assuring optimal care for mothers and children. Specifically, this bill will enable the Department to provide services including but not limited to, prenatal care, prenatal education including risk reduction, maternal care, baby and child care, adolescent health care and family planning. Preventive health care services to promote, enhance, or maintain optimal health and well-being are also specifically authorized.

Your Committee also heard testimony in strong support of the intent of this bill from the Healthy Mothers, Healthy Babies Coalition, the Hawaii Public Health Association, and the Hawaii Nurses Association. However these organizations, as well as the American Civil Liberties Union, expressed strong concern about the inclusion of the word "fetus" in the list of groups targeted by the program. There was concern that this wording might impair the Department's ability to carry out its program effectively and that inclusion of this term set up the pregnant woman and the fetus as two independent entities. In contrast, maternal/child health practice traditionally regards the two as a unit, to be treated as an entity with the goal being the best possible outcome for both.

Your Committee also heard testimony that troubling legal implications might arise if this term were included, e.g. implication of independent rights for the fetus equal to those of the mother and possible erosion of the pregnant woman's rights of privacy. The Department testified that inclusion or deletion of the term "fetus" would not effect in any way the carrying out of their program. Your Committee believes that it is vitally important to ensure the best possible outcome for both mothers and for their fetuses, especially in light of new technologies which enable us to perform therapeutic interventions in utero. But we are convinced that it is artificial and contrary to normal public health practice to set up the fetus as a separate entity from its mother. Because of the concern expressed by the several health organizations and most particularly because your Committee is convinced that inclusion of this term would not effect the mission and the functioning of the program, we have deleted the word "fetus" from the bill wherever it appears as well as the phrase "for both the mother and the fetus" which appeared after "individual risk reduction" in the Administration of Services Section.

In addition to the organizations cited above, the Office of Children and Youth and Hawaii Right to Life testified in favor of the bill without amendment.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3206, S.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 S.B. No. 3206, S.D. 1, H.D. 1.

Signed by all members of the Committee.
(Representatives Cavasso, Hemmings and Ribellia did not concur.)

SCRep. 988-88 Health on S.B. No. 3213

The purpose of this bill is to facilitate the transfer of mentally ill inmates of correctional institutions to the State Hospital for appropriate treatment.

The bill permits a Department of Health psychologist, as well as a psychiatrist, to certify the need for hospital treatment for a primary diagnoses of mental illness of a resident of a correctional facility. In addition, the bill deletes the transfer of inmates to the State Hospital for substance abuse which is consistent with current practice and reflects what is considered appropriate criteria for admission to the State Hospital.

Your Committee received testimony in support of this bill from the Departments of Health and Corrections, and the Hawaii Psychological Association.

Your Committee finds that psychiatric coverage at correctional facilities is limited and may not be immediately available when the need for hospitalization arises. A psychologist by training has the knowledge and skill necessary to make such decisions, and their inclusion would facilitate appropriate transfers of mentally ill inmates to the State Hospital.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3213 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 989-88 Health on S.B. No. 3212

The purpose of this bill is to allow admission to the State Hospital of persons habituated to excessive use of drugs or alcohol only when they are also mentally ill.

Under current law, a person may be admitted to the State Hospital if he is mentally ill or addicted to drugs or alcohol. This bill would allow admission of mentally ill persons, or persons with dual diagnoses, but not of persons who are not mentally ill.

Testimony was received in support of this bill from the Department of Health and the Hawaii Psychological Association. The Department of Health felt that this bill would be a means to provide the most effective and least restrictive substance abuse treatment alternative for patients without a diagnosis of mental illness.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3212 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 990-88 Finance on S.B. No. 2955

The purpose of this bill is to provide for increases to the level of care payments made by the department of human services for persons residing in adult residential care homes.

Your Committee finds that adult residential care homes are an important component in assuring long-term care for the frail, elderly, handicapped, chronically mentally ill, and other adults whose condition might otherwise necessitate institutionalization. However, increases in the costs of providing home care are discouraging many existing adult residential care home operators. A growing number have either quit or are contemplating quitting to seek higher paying yet less demanding pursuits.

This bill was amended to add a new chapter to the Hawaii Revised Statutes to be appropriately designated the "Dispersal Review Council". The purpose of this council is to ensure that living facilities for persons who are developmentally disabled, elderly, handicapped, mentally ill, or totally disabled are dispersed throughout the State. An appropriation out of the State general revenues for the sum of \$42,138 was made to carry out the purposes of this measure, including the hiring of necessary staff, to be expended by the Department of Health.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2955, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2955, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 991-88 Finance on S.B. No. 3080

The purpose of this bill is to establish a state tax credit for developers of low-income housing. The bill also provides that the Housing Finance and Development Corporation will expedite and facilitate the provisions required of this bill.

Under the 1986 Federal Tax Reform Act, a new business tax credit for developers of low-income housing was established. Currently, there is no comparable state tax credit. This bill will establish such a state tax credit at a percentage of the federal tax credit.

Your Committee has amended this bill by changing the tax credit from "thirty per cent of the applicable percentage" to "fifteen per cent of the applicable percentage".

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3080, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3080, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 992-88 Finance on S.B. No. 2988

The purpose of this bill to increase the maximum rent supplement payment under the State's rent supplement program and to allow for a larger homeowner participation in the program.

Currently, the Hawaii Housing Authority makes direct rental payments to housing owners on behalf of qualified tenants. Under the Hawaii Housing Authority, the maximum monthly supplement allotted to eligible families and elderly persons is \$70 and \$90, respectively. This bill will increase the maximum amount for both groups to \$200.

Your Committee has inserted the sum \$1, so a more accurate estimate of the costs can be determined at a later date.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2988, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2988, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 993-88 Finance on S.B. No. 3197

The purpose of this bill is to establish a graduated conveyance tax on transfers of interests in real property.

This bill proposes a graduated tax based on consideration to be paid upon the conveyance of real property. Revenues in excess of 5 cents per \$100 derived from the increased conveyance tax would be deposited into the Rental Assistance Revolving Fund or a fund established under Chapter 201E, to assist qualified families in making rental payments, or to meet other housing and shelter needs.

Your Committee has amended this bill by eliminating the graduated tax rates.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3197, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3197, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 994-88 Finance on S.B. No. 1170

The purpose of this bill, as received by your Committee, is to provide the comptroller with the responsibility and authority to operate a comprehensive risk management and insurance program for the state government, excluding workers' compensation and public employee benefit programs which are covered elsewhere in the statutes.

Currently, state agencies can independently acquire insurance. Insurance acquisition is often handled by persons who are not experienced in risk management and who are assigned to manage risk only on a part-time basis. In the past seven years, state agencies have expended over \$9.5 million in premiums for various property and liability insurance policies which have paid less than \$0.5 million in settlements. In addition, over \$20 million in property losses and liability claims were paid out by the State without adequate efforts to control these losses.

This bill repeals Chapter 41, Hawaii Revised Statutes, dealing with state insurance administration, and adds a new chapter thereto on state risk management and insurance administration to clearly specify the comptroller's authority in this area.

Upon testimony by the Department of Accounting and General Services, your Committee has amended this bill by increasing the amount of transfers from other acts to \$11 million or so much thereof as may be sufficient for the purposes of the risk management revolving fund for the biennium 1987-1989 to be effective July 1, 1988.

Your Committee has also made technical, nonsubstantive changes to this bill to conform to recent amendments to the Hawaii Revised Statutes for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1170, S.D. 2, H.D.1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1170, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 995-88 Finance on S.B. No. 2328

The purpose of this bill is to allow the State to deposit funds in federal or state credit unions insured by the National Credit Union Administration.

Your Committee believes this bill will give the director of finance greater flexibility when depositing public funds.

Your Committee has amended this bill by including federally insured industrial loan companies as one of the financial institutions which the State may use as a depository of State funds.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2328, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 996-88 Higher Education and the Arts on H.R. No. 37

The purpose of this resolution is to support and encourage cooperation between members of the University of Hawaii faculty and the business community.

Your Committee received favorable testimony from the Assistant to the President for Technology Transfer and Economic Development. The Committee was informed that the University of Hawaii's Faculty Consulting Policy allows one day a week to be utilized by the faculty for the purpose of private consulting.

Your Committee finds that the objectives of House Resolution 37 are consistent with existing University of Hawaii policy and that cooperation between both parties can only result in greater benefits to both the university and the business community.

Your Committee on Higher Education and the Arts concurs with the intent and purpose of H.R. No. 37, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 997-88 Agriculture and Higher Education and the Arts on H.C.R. No. 85

The purpose of this concurrent resolution is to urge the continuation of research for the development of new energy systems and sources which could replace petroleum fuels, thereby lowering the cost of energy required by sugar factories and field equipment.

Your Committees find that there are new technologies available that make possible the production of high-value chemicals in combination with the production of fuel from sugar cane bagasse and other biomass, including pineapple by-products.

Your Committees further find that the production of fuel alone from Hawaii's supply of low-value biomass may not be cost effective, but producing several high-value chemical co-products with fuel may be economically attractive.

Your Committees on Agriculture and Higher Education and the Arts concur with the intent and purpose of H.C.R. No. 85, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. 85, H.D. 1.

Signed by all members of the Committees.

SCRep. 998-88 Agriculture and Higher Education and the Arts on H.R. No. 119

The purpose of this resolution is to urge the continuation of research for the development of new energy systems and sources which could replace petroleum fuels, thereby lowering the cost of energy required by sugar factories and field equipment.

Your Committees find that there are new technologies available that make possible the production of high-value chemicals in combination with the production of fuel from sugar cane bagasse and other biomass, including pineapple by-products.

Your Committees further find that the production of fuel alone from Hawaii's supply of low-value biomass may not be cost effective, but producing several high-value chemical co-products with fuel may be economically attractive.

Your Committees on Agriculture and Higher Education and the Arts concur with the intent and purpose of H.R. No. 119, as amended herein, and recommend its adoption in the form attached hereto as H.R. 119, H.D. 1.

Signed by all members of the Committees.

SCRep. 999-88 Transportation and Intergovernmental Relations on H.R. No. 8

The purpose of this resolution is to urge the Immigration and Naturalization Service (INS) to establish a pre-inspection station in Japan to ease congestion at INS stations at United States airports.

Your Committees find that Honolulu International Airport is ranked fourth in the United States among international airports in the deplaning of international passengers. Due to insufficient staffing in the INS and United States Customs stations, visitors are sometimes held as long as ninety minutes on board aircraft after landing. To alleviate the congestion at these airports, pre-inspection in the originating countries has been suggested. Pre-inspection involves the processing of passenger documents in the country of origin prior to boarding a passenger flight to the United States. Your Committees find that pre-inspection is a positive deterrent to terrorism, air piracy, fraudulent travel documents and narcotics smuggling.

Favorable testimony was received from the Department of Transportation.

Pre-inspection would be the responsibility of the INS under the Department of Justice, and not the United States Customs Department. Your Committees have therefore amended this resolution by deleting mention of the U. S. Customs Department wherever it is not the appropriate agency.

To establish a pre-inspection station in Japan, your Committees find that it will be necessary for the INS to get final approval from the Department of State and have therefore amended this resolution by adding the Department of State as a recipient of a certified copy of this resolution.

Your Committees have also amended this resolution by including the Hawaii Federal Liaison in Washington, D. C., as a recipient of a certified copy of this resolution.

Your Committees on Transportation and Intergovernmental Relations concur with the intent and purpose of H.R. No. 8, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 8, H.D. 1.

Signed by all members of the Committees.

SCRep. 1000-88 Transportation and Intergovernmental Relations on H.C.R. No. 5

The purpose of this resolution is to urge the Immigration and Naturalization Service (INS) to establish a pre-inspection station in Japan to ease congestion at INS stations at United States airports.

Your Committees find that Honolulu International Airport is ranked fourth in the United States among international airports in the deplaning of international passengers. Due to insufficient staffing in the INS and United States Customs stations, visitors are sometimes held as long as ninety minutes on board aircraft after landing. To alleviate the congestion at these airports, pre-inspection in the originating countries has been suggested. Pre-inspection involves the processing of passenger documents in the country of origin prior to boarding a passenger flight to the United States. Your Committees find that pre-inspection is a positive deterrent to terrorism, air piracy, fraudulent travel documents and narcotics smuggling.

Favorable testimony was received from the Department of Transportation.

Pre-inspection would be the responsibility of the INS under the Department of Justice, and not the United States Customs Department. Your Committees have therefore amended this resolution by deleting mention of the U. S. Customs Department wherever it is not the appropriate agency.

To establish a pre-inspection station in Japan, your Committees find that it will be necessary for the INS to get final approval from the Department of State and have therefore amended this resolution by adding the Department of State as a recipient of a certified copy of this resolution.

Your Committees have also amended this resolution by including the Hawaii Federal Liaison in Washington, D. C., as a recipient of a certified copy of this resolution.

Your Committees on Transportation and Intergovernmental Relations concur with the intent and purpose of H.C.R. No. 5, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 5, H.D. 1.

Signed by all members of the Committees.

SCRep. 1001-88 Transportation on H.R. No. 70

The purpose of this resolution is to request a study to ensure the safety of passengers riding in the beds of pick-up trucks, flat bed trucks, and other similar vehicles.

Your Committee finds that there is no law requiring passengers riding in the bed of a pick-up truck, flat bed truck, or any other similar vehicle, to wear seat belts. Your Committee finds that traffic fatalities involving passengers in truck beds is likely to increase as the number of pick-up trucks in use increases. Your Committee notes that studying the problem now will provide useful information on possible safeguards to consider and on the impact that such actions may have on the community.

Your Committee received testimony in support of this resolution from the Department of Transportation, Department of Health, and the Hawaii Coalition for Seat Belt Use.

Your Committee has made minor, non-substantive amendments to this resolution.

Your Committee on Transportation concurs with the intent and purpose of H.R. No. 70, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 70, H.D. 1.

Signed by all members of the Committee.

SCRep. 1002-88 Transportation on H.C.R. No. 54

The purpose of this concurrent resolution is to request a study to ensure the safety of passengers riding in the beds of pick-up trucks, flat bed trucks, and other similar vehicles.

Your Committee finds that there is no law requiring passengers riding in the bed of a pick-up, flat bed truck, or any other similar vehicle, to wear seat belts. Your Committee finds that traffic fatalities involving passengers in truck beds is likely to increase as the number of pick-up trucks in use increases. Your Committee notes that studying the problem now will provide useful information on possible safeguards to consider and on the impact that such actions may have on the community.

Your Committee received testimony in support of this concurrent resolution from the Department of Transportation, Department of Health, and the Hawaii Coalition for Seat Belt Use.

Your Committee has made minor, non-substantive amendments to this concurrent resolution.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 54, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 54, H.D. 1.

Signed by all members of the Committee.

SCRep. 1003-88 Transportation on H.R. No. 78

The purpose of this resolution is to request the U.S. House of Representatives Subcommittee on Aviation to enact Federal Legislation that will require the Federal Aviation Administration to: 1) develop specific noise and safety related flight regulations for helicopters flying over residential areas; and 2) work with local government, industry, and citizen groups to develop a land use compatible altitude and flight path system for helicopter organizations with consideration for the rights of citizens to enjoy residential privacy without undue intrusion from the air.

Your Committee finds that there are no federal or state laws or regulations governing minimum altitudes, flight paths, and time schedules for helicopters. As a result, your Committee finds that the helicopter industry is left to regulate itself at its own discretion. Your Committee also finds that low altitude flights by helicopters pose a safety hazard to passengers as well as residents. Your Committee further finds that the high noise levels which helicopters emanate invade the quietude and privacy of residential areas.

Your Committee received favorable testimony on this resolution from the State Department of Transportation and the State Department of Land and Natural Resources.

Your Committee has amended this resolution by requesting the United States Congress to enact legislation that will require the Federal Aviation Administration to develop a national land use compatible altitude and flight path system for helicopter operations, taking into consideration the rights of citizens to enjoy residential and wilderness experience privacy.

Your Committee has further amended this resolution by adding the President of the United States, the Chairman of the U.S. Senate Subcommittee on Aviation, the U.S. Department of Transportation, the Federal Aviation Administration, and the Hawaii State Lobbyist in Washington, D.C. to the list of recipients of certified copies of this resolution. This resolution has been further amended by your Committee to specifically designate the Director of the State Department of Transportation and the Chairman of the State Board of Land and Natural Resources as recipients of certified copies of this resolution. Your Committee has further amended this resolution by deleting the Director of the Federal Aviation Administration's Western Region as a recipient of this resolution.

Your Committee has also amended this resolution by making several nonsubstantive technical changes.

Your Committee on Transportation concurs with the intent and purpose of H.R. No. 78, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 78, H.D. 1.

Signed by all members of the Committee.

SCRep. 1004-88 Transportation on H.C.R. No. 61

The purpose of this concurrent resolution is to request the U.S. House of Representatives Subcommittee on Aviation to enact Federal Legislation that will require the Federal Aviation Administration to: 1) develop specific noise and safety related flight regulations for helicopters flying over residential areas; and 2) work with local government, industry, and citizen groups to develop a land use compatible altitude and flight path system for helicopter organizations with consideration for the rights of citizens to enjoy residential privacy without undue intrusion from the air.

Your Committee finds that there are no federal or state laws or regulations governing minimum altitudes, flight paths, and time schedules for helicopters. As a result, your Committee finds that the helicopter industry is left to regulate itself at its own discretion. Your Committee also finds that low altitude flights by helicopters pose a safety hazard to passengers as well as residents. Your Committee further finds that the high noise levels which helicopters emanate invade the quietude and privacy of residential areas.

Your Committee received favorable testimony on this concurrent resolution from the State Department of Transportation and the State Department of Land and Natural Resources.

Your Committee has amended this concurrent resolution by requesting the United States Congress to enact legislation that will require the Federal Aviation Administration to develop a national land use compatible altitude and flight path system for helicopter operations, taking into consideration the rights of citizens to enjoy residential and wilderness experience privacy.

Your Committee has further amended this concurrent resolution by adding the President of the United States, the Chairman of the U.S. Senate Subcommittee on Aviation, the U.S. Department of Transportation, the Federal Aviation Administration, and the Hawaii State Lobbyist in Washington, D.C. to the list of recipients of certified copies of this concurrent resolution. This concurrent resolution has been further amended by your Committee to specifically designate the Director of the State Department of Transportation and the Chairman of the State Board of Land and Natural Resources as recipients of certified copies of this concurrent resolution. Your Committee has further amended this concurrent resolution by deleting the Director of the Federal Aviation Administration's Western Region as a recipient of this concurrent resolution.

Your Committee has also amended this concurrent resolution by making several nonsubstantive technical changes.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 61, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 61, H.D. 1.

Signed by all members of the Committee.

SCRep. 1005-88 Ocean and Marine Resources and Intergovernmental Relations on H.R. No. 101

The purpose of this resolution is to protest the federal cutbacks to the U.S. Coast Guard services in Hawaii and request Congressional support to reinstate funds for these services.

Congress ordered approximately \$100,000,000 in cutbacks for the U.S. Coast Guard's operating budget for fiscal year 1988. The Fourteenth Coast Guard District is the largest Coast Guard geographic district encompassing 18 million square miles and its operating budget was subsequently reduced by nearly \$500,000.

Your Committees received testimony from the Fourteenth Coast Guard District, the Department of Transportation, and the Kauai Chamber of Commerce in support of this resolution.

Testimony indicated that to accomodate this budget reduction, the Fourteenth Coast Guard District closed the Search and Rescue Station at Nawiliwili Harbor, Kauai which eliminated six jobs. In addition, there will be significant reduction in operations at Barber's Point and Honolulu and cancellation of all routine drug and fisheries law enforcement.

Further testimony revealed that these cut-backs will severely restrict the available hours for airborne search and rescue patrols from Barber's Point; it will leave our ocean waters vulnerable to environmental damage; and it will jeopardize the safety of boaters and fishermen in the vicinity of Kauai, Niihau and the Northwest Hawaiian Islands as the response time needed by surface and airborne units would be greater.

Your Committees have adopted the recommendations of the testifiers and have made amendments to the resolution to strengthen and support the language.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations concur with the intent and purpose of H.R. No. 101, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 101, H.D. 1.

Signed by all members of the Committees.

SCRep. 1006-88 Ocean and Marine Resources and Intergovernmental Relations on H.C.R. No. 72

The purpose of this concurrent resolution is to protest the federal cutbacks to the U.S. Coast Guard services in Hawaii and request Congressional support to reinstate funds for these services.

Congress ordered approximately \$100,000,000 in cutbacks for the U.S. Coast Guard's operating budget for fiscal year 1988. The Fourteenth Coast Guard District is the largest Coast Guard geographic district encompassing 18 million square miles and its operating budget was subsequently reduced by nearly \$500,000.

Your Committees received testimony from the Fourteenth Coast Guard District, the Department of Transportation, and the Kauai Chamber of Commerce in support of this concurrent resolution.

Testimony indicated that to accommodate this budget reduction, the Fourteenth Coast Guard District closed the Search and Rescue Station at Nawiliwili Harbor, Kauai, which eliminated six jobs. In addition, there will be significant reduction in operations at Barber's Point and Honolulu and cancellation of all routine drug and fisheries law enforcement.

Further testimony revealed that these cut-backs will severely restrict the available hours for airborne search and rescue patrols from Barber's Point; it will leave our ocean waters vulnerable to environmental damage; and it will jeopardize the safety of boaters and fishermen in the vicinity of Kauai, Niihau and the Northwest Hawaiian Islands as the response time needed by surface and airborne units would be greater.

Your Committees have adopted the recommendations of the testifiers and have made amendments to the concurrent resolution to strengthen and support the language.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations concur with the intent and purpose of H.C.R. No. 72, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 72, H.D. 1.

Signed by all members of the Committees.

SCRep. 1007-88 Ocean and Marine Resources on H.C.R. No. 51

The purpose of this concurrent resolution is to authorize the Department of Land and Natural Resources disposition by way of an easement, certain government submerged land and land beneath tidal waters for the construction of certain offshore improvements.

Your Committee heard testimony from the Department of Land and Natural Resources (DLNR) in support of this concurrent resolution. The DLNR approved the disposition by way of an easement, covering a 1,726 sq. ft. portion of government submerged land at Hee'ia, Koolaupoko, Oahu for boat pier and shed purposes. The easement is proposed for a term of fifty years with the rental to be determined by independent appraisal.

Your Committee on Ocean and Marine Resources concurs with the intent and purpose of H.C.R. No. 51, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1008-88 Ocean and Marine Resources on S.B. No. 3227

The purpose of this bill is to amend Section 188-40, Hawaii Revised Statutes (HRS) to repeal the provision on the sale, or the offering for sale, or the possession by any peddler or dealer in fish of any slipper lobster of less than one pound in weight, as the authority to regulate it will be under Chapter 13-89, Hawaii Administrative Rules.

Your Committee heard testimony from the the Department of Land and Natural Resources (DLNR) in support of this bill. Testimony indicated that by transferring the regulation of slipper lobster from the statutes to administrative rules, the DLNR will be better able to manage this fishery resource since the slipper lobster will be regulated together with the spiny lobster.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S. B. No. 3227 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1009-88 Education on S.B. No. 2815

The purpose of this bill is to amend Chapter 301, HRS, to reflect the expanded role of continuing education programs.

The proposed inclusion of the terms "adult literacy education" and "community education" in the statute will more accurately reflect the variety of programs the Department of Education (Department) is currently providing. In addition to statutorily mandated programs, the Department provides early childhood education, parent education, community education, and other special programs for identified target populations such as senior citizens and adult illiterates.

Your Committee believes that the appropriate statutory provisions relating to adult education needs should be modified to reflect the wide range of services provided by the Department.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2815 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1010-88 Education on S.B. No. 2817

The purpose of this bill is to provide for the eligibility of councilors who may not be registered voters or legal residents, as that term is defined in Section 78-1(b), to be appointed to school district advisory councils.

Present provisions of the law effectively preclude certain segments of the population from appointment to the school district advisory councils, despite the fact that such persons may be particularly well-qualified to represent the interests of a particular segment of the school population. This population is largely composed of military personnel, university students, and those who temporarily reside and work in Hawaii while maintaining their legal residence and voting registration in other states.

Your Committee finds that it is desirable to allow the widest and best qualified representation on the school district advisory councils.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2817 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1011-88 Education on S.B. No. 2816

The purpose of this bill is to amend section 298-11, HRS, to eliminate the requirement that a high school student whose work is below passing in half or more of the student's subjects be placed on probation, and that the student be precluded from attending school if the student's work does not improve during the subsequent semester.

The Superintendent of Education testified that the notion that a student should be precluded from attending school because of a lack of academic achievement is outdated and archaic. Such exclusions would be contrary to current educational philosophy and practice since it is the goal of the Department of Education to help each individual develop to the fullest potential and become a contributing member of society.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2816 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1012-88 Health on S.B. No. 3207 (Majority)

The purpose of this bill is to authorize the Department of Health to adopt rules which would assure that all pregnant women in the State are offered appropriate information, quality testing and diagnostic services, and follow-up services concerning neural tube defects and other disorders amenable to prenatal diagnoses.

Your Committee received testimony in favor of the bill from the Department of Health, the Hawaii Nurses Association, the Healthy Mothers, Healthy Babies Coalition, the Office of Children and Youth, the Hawaii Public Health Association and the American Association of University Women. Hawaii Right to Life and several private individuals testified that they had serious reservations about the bill as received.

Your Committee heard moving testimony from a parent whose doctors thought her child would be handicapped and was advised to terminate her pregnancy. She refused, and today her daughter is healthy and normal. Testimony was also received from a parent whose child was born with Down's syndrome, and who has raised her to be a happy and loving adult. These cases emphasized the need for prenatal programs to offer a positive context for pregnant women who may be faced with the prospect of giving birth to a disabled child.

Your Committee was impressed with the constructive suggestions of Ms. Paige Lawes who suggested that the Department could develop a support group of parents with handicapped children to assist pregnant women in their decision making following diagnosis of potential problems with the unborn. The department responded that this was a good idea.

Your Committee finds that the prenatal screening programs to be developed under this law need to reflect the sensitivity and respect for diverse views on appropriate treatment, counseling and services available to pregnant women. Of special emphasis should be the positive role of such diagnostic technologies in enhancing life and contributing to lowering the fetal mortality rate and enhancing the health of newborns. Advances in medicine have made it possible to intervene during pregnancy to help prevent low birth weights, birth defects and complications. It is the view of your Committee that this type of positive intervention should be a major focus of prenatal programs in the Department.

Your Committee heard testimony by the Department of Health relating to their intentions in promulgating rules for this Chapter. It is our understanding that rules will include and emphasize provision of information on the full range of options available, including preparation for the birth of a potentially handicapped child or adoption alternatives. Information will also be provided regarding the positive contributions that a handicapped individual offers to a family and to society, and information on advocacy organizations and services available to prospective parents of all children. It is also the Committee's understanding that efforts will be made to create support groups to assist pregnant women at the time of counseling if their screenings indicate potential handicaps for a child.

Your Committee is sensitive to the fears raised by some that prenatal diagnosis could lead to some women choosing to terminate their pregnancy. However, it is not the intent of this Committee to alter the rights of choice as determined by the U.S. Supreme Court. Our concern, and our responsibility, is merely to direct appropriate services and counseling to those women who voluntarily choose to take advantage of prenatal information, testing, diagnostic services and follow-up services.

Your Committee on Health is in accord with the intent and purpose of S.B. 3207, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 1013-88 Health on S.B. No. 3210

The purpose of this bill is to improve the completeness and reliability of medical data recorded on birth certificates by providing that a designated representative of a birthing facility may substantially complete and file the birth certificate with the Department of Health.

Testimony was received in support of this bill from the Department of Health and the Kapiolani Medical Center for Women and Children.

Your Committee has amended the bill by adding to the end of Section 1 of Section 338-5, Hawaii Revised Statutes, the following sentence:

"The birth facility shall make available to the department appropriate medical records for the purpose of monitoring compliance with the provisions of this chapter."

This amendment, by authorizing the medical facilities to open their medical records to the Department for the purposes of monitoring the quality of the medical data, will ensure a significant degree of reliability of the medical data information on Hawaii birth certificates.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3210, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3210, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1014-88 Housing and Community Development on S.B. No. 3287 (Majority)

The purpose of this bill is to provide the Housing Finance and Development Corporation (HFDC) the ability to eliminate or reduce the critical housing shortage by giving the HFDC greater flexibility in developing needed affordable housing in an expeditious and economical way without sacrificing the public's health and safety.

The bill, as received by your Committee, amends several provisions in Chapter 201E, which deal with housing developments, to eliminate one of several steps that need to be taken to commence actual construction of housing in a project. The intent of the bill is to allow HFDC to establish standards for developing affordable housing projects, and to proceed with the development as soon as possible but without endangering the health and safety of the public.

While your Committee concurs with the bill's intent to increase the inventory of affordable housing in an expeditious and economical manner without impairing the public's health and safety, your committee believes that the provisions in the bill which establish the special means to expedite the development of affordable housing should not be permanent. Accordingly, the bill has been amended to create temporary legislation to accommodate the bill's salutary intent.

Instead of making temporary amendments to Chapter 201E, your Committee amended the bill with temporary legislation which follows selected provisions of Chapter 201E. Additionally, the bill, as amended provides for a five year moratorium on certain provisions in Chapter 201E which may be inconsistent with or contrary to the intent of this bill. In turn, this bill would be enforceable for a five year period, after which the provisions of this bill would automatically cease to be applicable.

Although the HFDC cannot by-pass the public's health and safety in the development of affordable housing, and must certainly be concerned with the impact of these developments on Hawaii's environment and shorelines, your Committee, to insure that the HFDC comply with the State's environmental and shoreline management laws, has amended the bill to make it clear that the flexibility given to the HFDC to develop affordable housing does not give the HFDC the authority to side-step the State's environmental and shoreline management laws.

Your Committee has also provided for a public hearing after reasonable notice to be held in the county where the proposed project is to be situated to afford the community and the county an opportunity to be heard on the proposed project. The notice shall include a description of the proposed project.

The bill as received by your Committee had deleted certain language in Section 201E-210, HRS, which related to the final plans and specifications for the project. Your Committee has retained that portion of Section 201E-210, HRS, that instructs the land court and registrar to accept maps and plans certified by the executive director of the corporation for registration or recordation.

The bill as received by your Committee also deleted the "not less than sixty per cent" housing requirement for lower income purchasers on independent eligible developers of housing projects. Your Committee replaced the "not less than sixty per cent requirement".

Your Committee has also amended the bill to increase the notice requirements that the HFDC must follow in promulgating rules to implement the provisions of this Act. The increase notice is intended to give the affected county greater opportunity to review and comment on the proposed rules. As amended, the HFDC must not only give more time to the legislative body of the county in which the project is being built, but must also give notice of the proposed rules to the affected county. Under present provisions of Chapter 91, the rulemaking body need only give notice of the substance of the proposed rules.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S. B. No. 3287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 3287, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Hemmings.
(Representatives M. Ige, Peters and Cavasso did not concur.)

SCRep. 1015-88 Housing and Community Development on S.B. No. 3190

The purpose of this bill is to empower the Housing Finance and Development Corporation with the right, but not the obligation, to repurchase or rent a home, which the corporation built, for the purpose of repairing structural damages caused by faulty construction or plans.

This bill proposes to grant the Housing Finance and Development Corporation with the ability to repurchase a home, based on a formula as displayed in the bill, or to assist in relocation of the residents while renting the home until such time the repairs are done by the Housing Finance and Development Corporation.

Repairs which can be completed in a relatively short period of time, or repairs which do not require extensive work, will not require the Housing Finance and Development Corporation to repurchase the home. However, the Housing Finance and Development Corporation is able to repurchase the home if the repairs will take a long time to complete or if the repairs are extensive. The Housing Finance and Development Corporation will further, after repairs are completed, offer the right of first refusal to the previous owners.

Presently, the Housing Finance and Development Corporation cannot repurchase the home. If repairs are needed and the warranty has expired, the Housing Finance and Development Corporation tries to get the contractor to make the repairs; however, if the contractor refuses to cooperate, the Housing Finance and Development Corporation proceeds through legal channels to have the contractors make the necessary repairs. During this lengthy process, the home is not repaired.

The Housing Finance and Development Corporation, with the passage of this bill, is empowered with the option to make the repairs while legal proceedings are taking place. It is the intent of this Committee that the bill will alleviate some suffering of the residents in these homes.

Upon further consideration of this measure, Your Committee has made the following amendments:

1. The bill now clarifies the circumstances under which the Housing Finance and Development Corporation would be allowed to repurchase a dwelling unit against an owner's wishes. These are as follows: (1) when a dwelling unit is deemed unsafe by the county building department; (2) when the defects to a home are irreparable; and (3) when, in the opinion of the Housing Finance and Development Corporation, the defects are of such magnitude that it will take longer than a year to repair the defects.

2. The bill now clarifies that relocation assistance shall be provided to homeowners whose homes are repurchased against their will, in accordance with provisions set forth in Chapter 111, Hawaii Revised Statutes.

3. The bill now requires the Housing Finance and Development Corporation to give preference in all other projects of the Housing Finance and Development Corporation to all owners whose units are repurchased by the Housing Finance and Development Corporation pursuant to this measure. Additionally, the Housing Finance and Development Corporation may waive certain eligibility requirements for these owners.

4. If the Housing Finance and Development Corporation does not opt to purchase a dwelling unit which has a construction defect, the Housing Finance and Development Corporation shall also have the right to enter into a contract to repair a vacated dwelling unit which has a construction defect. During the period that the unit is being repaired, the

Housing Finance and Development Corporation shall pay rent to the homeowner for an amount not to exceed the homeowner's present mortgage payments.

Your Committee finds that this alternative would be preferable in instances in which the defects to a home can be repaired within a year or less.

5. Finally, the bill provides the Housing Finance and Development Corporation with ninety days in which to decide its course of action, prior to a homeowner being allowed to file suit against the Housing Finance and Development Corporation. This bill, as amended, provides that if the Housing Finance and Development Corporation does not execute either a contract to repurchase the dwelling unit or an agreement to repair and rent the unit within ninety days after written notice is given to the Housing Finance and Development Corporation of a construction defect, the owner may pursue any other legal remedies it may have.

Your Committee would like to emphasize that this measure is intended to provide fair and equitable alternatives to litigation, which are intended to benefit both the State and affected homeowners. It is not intended to preclude a homeowner from suing the State if that homeowner so desires.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 3190, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3190, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1016-88 Labor and Public Employment on H.R. No. 30

The purpose of this resolution, as received by your Committee, is to request the Office of Legislative Auditor to examine and review the extent to which part-time, casual, and temporary workers since 1976 have been excluded under Hawaii's employee benefits laws and to explore alternative means to provide coverage to these workers in a fair and equitable manner.

Your Committee received testimony from the Department of Labor and Industrial Relations and ILWU Local 142 supporting the intent and purpose of the resolution.

In testimony before your Committee, Small Business Hawaii expressed reservations in conducting this study. However, your Committee is of the opinion that the study would be beneficial in improving the working conditions of part-time, casual, and temporary workers.

Your Committee heard testimony to the effect that there are employers who offer their temporary employees some benefits. Thus, it would be helpful to also study the extent to which these employers provided employee benefits.

Your Committee has amended the resolution to request the Office of the Legislative Auditor to also review and examine the extent employees are currently providing benefit programs to part-time, casual, and temporary employees to alleviate the harsh consequences these employees face as a result of not being protected by employee benefit programs.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 30, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 30, H.D. 1.

Signed by all members of the Committee.

SCRep. 1017-88 Labor and Public Employment on H.C.R. No. 27

The purpose of this concurrent resolution, as received by your Committee, is to request the Office of Legislative Auditor to examine and review the extent to which part-time, casual, and temporary workers since 1976 have been excluded under Hawaii's employee benefits laws and to explore alternative means to provide coverage to these workers in a fair and equitable manner.

Your Committee received testimony from the Department of Labor and Industrial Relations and ILWU Local 142 supporting the intent and purpose of the concurrent resolution.

In testimony before your Committee, Small Business Hawaii expressed reservations in conducting this study. However, your Committee is of the opinion that the study would be beneficial in improving the working conditions of part-time, casual, and temporary workers.

Your Committee heard testimony to the effect that there are employers who offer their temporary employees some benefits. Thus, it would be helpful to also study the extent to which these employers provided employee benefits.

Your Committee has amended the concurrent resolution to request the Office of the Legislative Auditor to also review and examine the extent employees are currently providing benefit programs to part-time, casual, and temporary employees to alleviate the harsh consequences these employees face as a result of not being protected by employee benefit programs.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 27, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.C.R. No. 27, H.D. 1.

Signed by all members of the Committee.

SCRep. 1018-88 Labor and Public Employment on H.R. No. 31

The purpose of this resolution is to request that a formal training program be instituted by state agencies whose employees deal directly with the public on business-related matters. The program would aid in making state employees more sensitive to the needs of the business community and would also increase the employees' knowledge of different state agencies, programs and requirements.

Your Committee reviewed testimony from the Department of Personnel Services supporting the intent and purpose of the resolution. Your Committee agrees with the Department's opinion that such a program will not only aid in the state's commitment to be responsive to business but will also improve public relations.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 31, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1019-88 Labor and Public Employment on H.C.R. No. 28

The purpose of this resolution is to request that a formal training program be instituted by state agencies whose employees deal directly with the public on business-related matters. The program would aid in making state employees more sensitive to the needs of the business community and would also increase the employees' knowledge of different state agencies, programs and requirements.

Your Committee reviewed testimony from the Department of Personnel Services supporting the intent and purpose of the concurrent resolution. Your Committee agrees with the Department's opinion that such a program will not only aid in the state's commitment to be responsive to business but will also improve public relations.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 28, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1020-88 Ocean and Marine Resources and Intergovernmental Relations on H.R. No. 13

The purpose of this resolution is to express Hawaii's commitment to the principle of shared management by the federal government and coastal states of the United States Exclusive Economic Zone (EEZ). There is a bill in Congress now proposing an EEZ management system which would share control and revenues from the EEZ between the federal government and the coastal states. The Legislature wishes to support that bill, as long as it remains true to the goal expressed in the title of this resolution, as well as any other proposals which promote that goal.

Your Committees have amended the title and the resolution to include the principles of shared management, control, and revenues and have also made technical nonsubstantive amendments for purposes of style and clarity.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations concur with the intent and purpose of H.R. No. 13, H.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 13, H.D. 2.

Signed by all members of the Committees.

SCRep. 1021-88 Ocean and Marine Resources and Intergovernmental Relations on H.C.R. No. 10

The purpose of this concurrent resolution is to express Hawaii's commitment to the principle of shared management by the federal government and coastal states of the United States Exclusive Economic Zone (EEZ). There is a bill in Congress now proposing an EEZ management system which would share control and revenues from the EEZ between the federal government and the coastal states. The Legislature wishes to support that bill, as long as it remains true to the goal expressed in the title of this concurrent resolution, as well as any other proposals which promote that goal.

Your Committees have amended the title and the concurrent resolution to include the principles of shared management, control, and revenues and have also made technical nonsubstantive amendments for purposes of style and clarity.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations concur with the intent and purpose of H.C.R. No. 10, H.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 10, H.D. 2.

Signed by all members of the Committees.

SCRep. 1022-88 Agriculture on S.B. No. 2890 (Majority)

The purpose of this bill is to amend Section 157, Hawaii Revised Statutes, relating to the Milk Control Act, through:

- (1) Addition of a definition for "shortage" to Section 157-1;
- (2) Addition of a new section to require, in the event of a shortage, that all milk produced within a milk shed first be used to serve the needs of the consumers within the milk shed; and
- (3) Provision for an independent monthly audit that verifies milk utilization by processors with the results immediately released upon completion.

Due to its limited shelf life and difficulty encountered in production, milk is the only agricultural commodity that is regulated on a federal basis. Hawaii has adopted a comprehensive program to insure an adequate and continuous supply of locally produced milk to local consumers.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2890, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading..

Signed by all members of the Committee.
(Representatives D. Ige and Isbell did not concur.)

SCRep. 1023-88 Finance on S.B. No. 3151

The purpose of this bill is to authorize the issuance of special revenue purpose bonds for development of a research facility for Magnetics Research International Corporation (MRI). Pursuant to chapter 39A, the State may issue special purpose revenue bonds to assist industrial enterprises.

The Department of Business and Economic Development testified in favor of this bill. They stated the research and development activity proposed by the corporation will lead to new products and new job opportunities in the electronics design and assembly sector of the State's economy.

MRI testified the research facility will engage in both basic and advanced research in the area of electromechanical equipment for power generation, use and storage. Their plans will call for the construction of a research center at Mililani at a cost of \$2,500,000. The remaining \$7,500,000 will be used for the purchase of scientific and computer equipment necessary for research.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3151, S.D.1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1024-88 Finance on S.B. No. 118

The purpose of this bill is to appropriate \$750,000 to establish a juvenile justice information system containing information about juvenile offenders which will be used by agencies with juvenile justice responsibilities.

The design of the proposed system incorporates what is referred to as a multisystem manager program. This program uses existing telecommunication lines and mainframe computers of certain local and state agencies.

Your Committee agrees that there is a need to improve the processing of information within the juvenile justice system in order to ensure that accurate and timely information is available to all personnel in the criminal justice system who work with juveniles. Currently, data is either transmitted on a manual basis between agencies or not shared because an agency may not be aware that another agency has the information it needs. The proposed information system will allow all agencies quicker access and more comprehensive information on a timely basis.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 118, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1025-88 Finance on S.B. No. 1725

The purpose of this bill is to allow individuals with incomes in excess of the Department of Human Services applicable standard of assistance, to apply the portion of income in excess, to the purchase of chore services, thereby qualifying the individual for chore service assistance.

Currently, income in excess of the eligibility standard prevents any individual from receiving chore services from the State, even if the excess may not meet the costs of the chore services needed.

Your Committee has amended this bill by changing the effective date to July 1, 1988.

Other technical, nonsubstantive amendments have been made to this bill to correct certain typographic and stylistic errors.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1725, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1725, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1026-88 Consumer Protection and Commerce and Judiciary on S.B. No. 2422

The purpose of this bill is to provide that the vehicle of an uninsured motorist shall be impounded until the motorist presents evidence that insurance has been obtained.

Currently, Section 294-39 provides that any person who is in violation of Chapter 294 shall be subject to a fine. This bill will provide further that the vehicle of an uninsured motorist shall be impounded.

Your Committees received testimony from the Honolulu Police Department in opposition to this bill because it does not address who is to impound vehicles, storage, and who will pay for the impounding and storage.

Your Committees believe that suspension of the drivers license of a violating driver or registered owner would be a more effective deterrent than impoundment of the vehicle. The bill has been amended to reflect this approach.

Your Committees have also made technical, non-substantive amendments to this bill for the purpose of style and clarity.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 2422, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2422, S.D. 1, H.D. 1, and be placed on the Calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1027-88 Agriculture and Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2756

The purpose of this bill is to amend various sections of the Hawaii Revised Statutes pertaining to the administrative rules for the agricultural park program.

Specifically, this bill: (1) clarifies that aquaculture is included among the purposes for which agricultural park leases may be issued; (2) provides that agricultural park lessees need not derive the major portion of their income from the premises if it is fully utilized; (3) provides that transfer, assignment, or sublease of an agricultural park lease shall be to qualified applicants; (4) provides applicant preference status to veterans with honorable discharges; and (5) provides that agricultural park leases issued by the Board of Agriculture on public lands set aside to it shall not require prior approval of the Board of Land and Natural Resources.

The Chairperson of the Board of Agriculture testified that this bill came about based on testimony and recommendations made during public hearings on administrative rules for the agricultural park program.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 2756, S.D. 1, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1028-88 Consumer Protection and Commerce on S.B. No. 2486

The purpose of this bill is to grant a franchise for the sale of electric power on the island of Lanai to Maui Electric Company, Limited (MECO), thus encouraging economic development on the island of Lanai by facilitating MECO's extension of service along public rights-of-way. By obtaining a franchise, MECO would have the right to place its poles and other equipment in the public rights-of-way, and will have condemnation powers.

Your Committee finds that these rights are incidents of a franchise and would not be available to MECO if it obtained a certificate of public conveyance and necessity. In addition, with a franchise, MECO would be required to pay the County of Maui a franchise fee of two and one-half per cent of the gross receipts from the sale of power on Lanai.

Your Committee received testimony from Maui Electric Company in favor of the bill. Maui Electric Company had no objection to an amendment to the bill to clarify that MECO may use the public rights-of-way only for electric utility purposes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2486, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1029-88 Consumer Protection and Commerce on S.B. No. 2190

The purpose of this bill is to provide for the reimbursement of the insured's deductible amount when the insured's insurer receives any money from filing a claim for relief or cause of action against an uninsured motorist.

Under current law the physical damage coverage in all motor vehicle insurance policies contains a subrogation clause which allows the insurer to recover payment and damages from the responsible party, whether insured or uninsured. As a courtesy to the insured, such recoveries or attempts thereof have considered the interest of the insured by including the deductible. In a partial recovery, the money is shared between insured and insurer.

Your Committee received favorable testimony from the Insurance Division to the effect that, under this bill, if the insurer recovers any money from the uninsured motorist, the funds recovered shall be shared equally between the insured and the insurer, with the condition that the insured shall not receive more than the deductible paid. Further, this bill will introduce an incentive for insurers to recover damages from uninsured motorists. If damages exceed \$2,500, then the insurer will be required to fully reimburse the insured for the deductible paid, unless the company has initiated proceedings to recover damages from the uninsured motorist.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2190, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1030-88 Consumer Protection and Commerce on S.B. No. 2041

The purpose of this bill is to conform Hawaii law regulating mattresses to provisions of Federal law. The bill would amend the definitions section of Chapter 332 and also provisions with respect to the tag or stamp placed on mattresses.

Your Committee is in receipt of a Legislative Reference Bureau report which describes changes needed to conform Hawaii law to federal regulations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2041, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1031-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2696

The purpose of this bill is to add the chairperson of the Office of Hawaiian Affairs and the State geographer to the State Board on Geographic Names.

Your Committee heard testimony from the Department of Land and Natural Resources and from the Department of Business and Economic Development.

Your Committee has amended this bill to place the responsibility for the program under the office of State planning, and has deleted the requirement that the State geographer serve on the State Board on Geographic Names since that person will likely be the department's representative on the board whenever the position is filled.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2696, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2696, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1032-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3187

The purpose of this bill is to eliminate the requirement for the Department of Business and Economic Development (DBED) to publish annual statistical boundaries reports.

Currently, Section 26-18, HRS, requires the DBED to publish an annual up-to-date list of cities, towns, and villages for which statistical boundaries have been set. The boundaries are assigned only for statistical purposes and confer no legal or independent governmental status to the areas defined.

Boundary changes are rare. None have been made since 1980 and no change is made without a solid statistical reason to reflect change in existing conditions. Your Committee finds annual statistical boundaries reports are unnecessary.

Your Committee has amended this bill to require DBED to up-date information by publishing a new statistical boundaries report as expeditiously as possible after a change is made.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3187, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1033-88 Human Services on S.B. No. 3222

The purpose of this bill is to make changes to certain definitions and exclusions within the child care laws.

Sections 346-151 and 346-152, Hawaii Revised Statutes, are amended in order to increase the affordability, availability, and quality of group care homes and allowing for more flexibility in casual care.

Your Committee has made the following amendments to S.B. No. 3222, S.D. 1:

1. Added "Programs for children four years and older, which operate for no more than two consecutive calendar weeks in a three-month period" to Section 346-152, Hawaii Revised Statutes, in order to explicitly exempt short term programs.
2. Modified the language on page 2, lines 3-5 for clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3222, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3222, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1034-88 Human Services on S.B. No. 3220

The purpose of this bill is to amend Section 346-64, Hawaii Revised Statutes, in order to extend the State's personal care program to cover skilled nursing facility (SNF) level of care clients.

Only intermediate care facility (ICF) clients are accorded personal care services under present statute. S.B. No. 3220 S.D. 1 would give the Department of Human Services the ability to operate a new personal care waiver serving both ICF and SNF individuals.

Your Committee has amended S.B. No. 3220 S.D. 1 by deleting "for the mentally retarded" on page 1, lines 8-9, because there is no skilled nursing facility for this level of care.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3220, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3220 S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1035-88 Finance on S.B. No. 2318

The purpose of this bill is to reduce, from 45 days to 30 days, the deadline by which the State or the counties must pay vendors' invoices and by requiring automatic payment of the statutory interest on amounts not paid until after the 30 day period.

Under current law, the State and the counties are required to pay vendors' invoices within 45 days of receiving the purchased goods and services, or receiving the invoice. If payment is not made within such time period, the State or the county is required to pay an interest penalty at the rate of 12 percent, commencing on the 45th day and ending with payment.

Your Committee has amended this bill to remove the automatic payment of statutory interest on amounts not paid after the 30 day period.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2318, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2318, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1036-88 Finance on S.B. No. 3208

The purpose of this bill is to assist the Department of Health in adopting administrative rules concerning used oil.

Your Committee has amended this bill by deleting the words, "as set forth by the director", in subsections (c) and (d) of Section 342-85. The Department of Health, in its written testimony, stated that the term "standards" in these subsections is described under the definition of "specification fuel" and under paragraph (d) of Section 342-83.

Your Committee has also amended this bill by adding a tax exemption for the sale of used motor oil and including the provisions found in H.B. No. 2250.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3208, S.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 S.B. 3208, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1037-88 Finance on S.B. No. 2778

The purpose of this bill is to regulate providers of prepaid dental insurance plans by requiring that they register with the Department of Commerce and Consumer Affairs.

The bill would also provide the Director of the Department of Commerce and Consumer Affairs with certain powers and duties to effectuate the purpose of this bill, including the power to establish reserve and bonding requirements if deemed necessary by the Director.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2778, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2778, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1038-88 Finance on S.B. No. 3042

The purpose of this bill is to appropriate funds for a shrimp aquaculture demonstration project which would utilize some of the substantial equipment, water, land and labor resources currently devoted to sugar production.

At the present time, the sugar industry is looking into new and innovative agronomic practices, different and efficient refining practices, innovative uses of the sugar plant and attendant waste products, and the development of other crops and products. The principal objective of the proposed project is to demonstrate the economic viability of diversifying Hawaii's sugar industry.

Your Committee has made some 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 S.B. No. 3042, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3042, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1039-88 Finance on S.B. No. 2770

The purpose of this bill is to deposit the interest realized from the special interest bearing account established by the Child Support Enforcement Agency for child support payments into the State Treasury.

Under federal law, 45 C.F.R. §304.50, any interest, or other income earned by a state in recovering Title IV-D child support payments, must be offset against the state's right to a 68 per cent reimbursement from the federal government of the cost of operating the Title IV-D program. Federal law also requires that the state provide the initial funding for the Title IV-D program.

Your Committee believes that deposit of the interest into the State Treasury would allow the State to replenish its initial funding to the maximum extent possible since federal reimbursement of the funding excludes the portion equivalent to the interest earned.

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 S.B. No. 2770, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. 2770, H.D. 1.

Signed by all members of the Committee.

SCRep. 1040-88 Finance on S.B. No. 3195

The purpose of this bill, as received by your Committee, is to create a "homes revolving fund" for the development of affordable housing programs, and to amend Section 201E-204, Hawaii Revised Statutes, to facilitate the responsibilities delegated by this bill.

This bill proposes to establish a revolving fund to be administered by the Housing Finance and Development Corporation to help relieve the affordable housing shortage by opening up large tracts of land for private and governmental development and financing the needed infrastructure system and attaining the needed permits, variances, and zoning changes.

Your Committee amended sections 4 and 5 of this bill to delete the amount of \$120 million and replace that amount with \$2 in order that a more accurate amount can be determined at a later date. In addition, section 6 of the bill was amended to include severability language in the event any provision or application of the bill is held invalid.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3195, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3195, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1041-88 Finance on S.B. No. 546

The purpose of this bill as received by your Committee is to repeal the special or local statutes setting forth the powers of particular counties, and to replace these provisions with grants of general powers which would have uniform operation in all counties of the State.

Your Committee agrees that the general powers and limitations of county laws in the Hawaii Revised Statutes were enacted before the various counties had their charters. As a result, many of these statutory provisions relate to matters that no longer exist and are antiquated in nature. In order to resolve this problem, your Committee believes that the time has come to repeal these laws to ensure uniformity so that all counties have similar general powers or limitations that supersede currently unnecessary provisions.

Your Committee amended this bill to add paragraph (24) to Section 2 of this bill to incorporate building code violations, fines, and criminal penalties.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 546, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 546, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1042-88 Finance on S.B. No. 2365

The purpose of this bill, as received by your Committee, is to provide for an income tax credit pursuant to Article VII, Section 6, of the State Constitution.

Your Committee amended the purpose of this bill to encourage and support gainful employment while caring for elders.

Your Committee deleted all reference to the income tax credit pursuant to Article VII, Section 6, of the State Constitution and added the provisions contained in H.B. No. 2668, H.D. 1, a bill heard earlier by your Committee. As such, this bill amends section 235-55.6(b)(1), Hawaii Revised Statutes, to expand the definitions of qualifying individuals for a tax credit for dependent care services. This amendment would include a dependent of taxpayer over the age of 60 who requires temporary supervision and care at a dependent care center as a qualifying individual.

Your Committee on Finance is in accord with the intent and purpose of S.B. 2365, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2365, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1043-88 Finance on S.B. No. 2501

The purpose of this bill is to create a temporary condominium specialist position in the Department of Commerce and Consumer Affairs to assist consumers with information, advice, and referral on chapter 514A of the Hawaii Revised Statutes and chapter 16-107 of the Hawaii administrative rules relating to horizontal property regimes.

Your Committee has amended the bill by reducing the amount appropriated from \$60,000 to \$30,000 and by making substantial editing changes for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2501, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2501, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1044-88 Finance on S.B. No. 3161

The purpose of this bill is to amend section 36-41, Hawaii Revised Statutes, which deals with the use of third party financing for energy efficiency improvements in state and county facilities.

This bill provides state agencies greater flexibility in arranging for the installation and financing of equipment and devices that will reduce the cost of operation of state facilities and, where appropriate, will permit the facility to utilize alternate energy sources. Further, the term "third-party financing" as used in the existing law is changed to "energy performance contracting" as the latter term more accurately and comprehensively describes the options made available to state agencies under this bill. The bill also sets procedures for bidding and entering into such contracts.

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 S.B. No. 3161, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3161, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1045-88 Finance on S.B. No. 2764

The purpose of this bill is to clarify the responsibilities between the State and the counties to make clear that the State is responsible for the management of the computerized fingerprint identification system and to extend the period for expending and encumbering the sum appropriated for the system to the close of business on June 30, 1989.

In 1987, \$4.5 million was appropriated for the establishment of a computerized fingerprint identification system within the Hawaii Criminal Justice Data Center in the Department of the Attorney General. This sum was to be expended over a two-year period. However, as reported out of the joint conference committee, the expenditure period was erroneously limited to the 1987-1988 fiscal year.

Your Committee believes this bill will clarify that the State and not the counties shall provide for the management of the computerized fingerprint identification system. This bill broadens the matters within the control of the State for which the State must bear financial responsibility by deleting the word "prison."

Your Committee has amended this bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2764, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2764, H.D. 1.

Signed by all members of the Committee.

SCRep. 1046-88 Finance on S.B. No. 2363

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Energy Conversion Devices, Inc., Chronar Corporation, or their subsidiaries to manufacture amorphous silicon alloy photovoltaic products or devices in the State of Hawaii.

Currently, photovoltaic-generated electricity is cost-effective for remote power applications and consumer products, but not for utility-scale applications. However, rapid advances in photovoltaic technology, especially amorphous silicon, promises to make utility-scale photovoltaic-generated electricity cost-competitive with fossil fuel-generated electricity by the early-to-mid-1990's.

Your Committee finds that the proposed manufacturing facilities will produce the most advanced multijunction amorphous silicon panels. Cost reductions achieved through more stable and efficient cells, a larger-scale production facility, and other technological advances will significantly increase the market potential of photovoltaic systems throughout the Pacific Basin. Hawaii has an opportunity to share in this potential and to generate new jobs and incomes.

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 S.B. No. 2363, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. 2363, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1047-88 Finance on S.B. No. 2319

The purpose of this bill is to amend certain statutes relating to bid requirements for public contracts.

Specifically, the bill provides for (1) the use of share certificates issued by a credit union insured by the National Credit Union Administration, in addition to other bid deposit instruments required to accompany a bid under section 103-28, Hawaii Revised Statutes; (2) a maximum bid deposit of \$2,500 for price-term, open-end, and requirements contracts, provided that standing deposits in the same amount for those contracts may be furnished by the bidder to the comptroller; (3) the retainment or return of inactive standing bids, whichever the unsuccessful bidder prefers; and (4) a maximum deposit forfeiture of \$2,500 for price-term, open-end, and requirements contracts.

The bill, as received, also provides that non-civil service employees employed by a county with a population of not more than 250,000, who work in an office which is wholly or partially funded under the Older Americans Act of 1965 (P.L. 89-73) as amended, may be granted permanent civil service status by the chief executive of the county. Your Committee has amended the bill by deleting this provision, since it is not in any way related or connected to the stated purpose of this bill. Your Committee has also made technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2319, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2319, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1048-88 Finance on S.B. No. 2584

The purpose of this bill is to designate the Bishop Museum as the "State Museum for Natural and Cultural History" as a basis for regular state funding.

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

Your Committee has amended the bill by changing the amount appropriated to \$2, by providing for section 5 to take effect on July 1, 1988, and by making technical, nonsubstantive changes.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2584, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2854, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1049-88 Finance on S.B. No. 3095

The purpose of this bill is to authorize the issuance of special revenue bonds in an amount not to exceed \$8,000,000 to assist Hawaiian Sun Products, Inc. in constructing and equipping a plant for manufacturing products from fruits and nuts.

Your Committee agrees that this project has the potential to bring together private sector and public sector strengths for the development of added-value products from fruit and nut production in the State.

Your Committee further agrees that in instances where risks are especially high but potential benefits are substantial, seed money from the public sector may be needed to reduce the risks to more acceptable levels.

Your Committee amended section 3 of this bill to authorize \$1 in special purpose revenue bonds in order that a more accurate amount can be determined at a later date.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3095, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3095, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1050-88 Finance on S.B. No. 2046

The purpose of this bill is to repeal the laws relating to an accelerated amortization tax deduction for certified pollution control facilities.

Your Committee finds that section 235-11, Hawaii Revised Statutes, which provides an election to a tax write-off for certified pollution control facilities over a period of sixty months if such facility is placed in service before 1976, has not been used much and any facility for which the election was made has been fully amortized. Therefore, it would be appropriate to repeal this section of the law.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2046, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2046, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1051-88 Finance on S.B. No. 3166

The purpose of this bill, as received, is to transfer the Land Use Division (LUD) and the Coastal Zone Management (CZM) Program from the Department of Business and Economic Development (DBED) to the Office of State Planning (OSP), transfer the Capital Improvements Program (CIP) allotment process from the Office of State Planning to the

Department of Budget and Finance (DB&F), and abolish the Hawaii Institute of Management and Analysis in Government (HIMAG).

Act 336, Session Laws of Hawaii (SLH) 1987, which established the OSP, provided for the transfer of certain programs and activities from the Planning Division and the Population Analysis Program of DBED and the HIMAG to OSP. However, the LUD and the CZM of DBED were not transferred.

During the course of the 1987 legislative session, there was much discussion as to the placement of LUD and CZM programs in the OSP. As a consequence of the legislative action taken in Act 336, SLH 1987, the Conference Committee Report strongly recommended that one of the first tasks of OSP should be to review whether LUD and CZM programs should continue to be retained in DBED or more appropriately placed in another agency. Your Committees finds that LUD and CZM are better suited to the planning functions and activities of OSP rather than DBED whose role is business advocacy. This bill incorporates these changes.

As a result of the state administration's initiatives in the Central Oahu/Ewa and West Hawaii regions, the Governor has taken an interim measure on November 20, 1987, by issuing Administrative Directive No. 87-07, which designated OSP as the lead agency within the executive branch to review and coordinate proposed state agency policies, programs, projects, and action which pertain to major land use and development projects and coordinate matters relating to land use and development to assure a more effective planning implementation process for the State.

In reviewing the CZM program, your Committee finds that the kinds of planning activities such as the Ocean Management Plan and the Ocean and Coastal Information Management System have direct implications and linkages to the kinds of projects and activities of OSP such as the Exclusive Economic Zone and the Geographic Information System. In addition, the linkages with LUD activities will be further strengthened. This change will also allow the CZM program to maintain its broad perspective and facilitate its coordinative and networking role with other agencies.

Since the adoption of Act 336, SLH 1987, an evaluation of the CIP program was conducted and the conclusion was reached that from an operational standpoint, the CIP allotment process should be a function of the DB&F, and OSP's role should focus in the planning of public facilities in the budget formulation process.

Hence, this bill will implement procedural changes in coordination with DB&F which are intended to streamline both the review and implementation process of the State's CIP. These procedural changes should prove to be a significant benefit to both the State and counties by reducing response time needed to review and approve CIP projects. By Administrative Directive No. 87-5, the State's CIP implementation review function, including the CIP allotment process, has been transferred to DB&F and OSP is to concentrate its planning efforts on the CIP budget formulation process in coordination with DB&F.

Your Committee finds that the statewide training mandate of HIMAG is not compatible with the purposes and functions of OSP and that the responsibility for statewide employee training programs rests with the Department of Personnel Services (DPS). Hence, the bill is repealing the pertinent sections of chapter 81, Hawaii Revised Statutes, dealing with the HIMAG program, thus eliminating the previous jurisdictional problems associated with statewide training functions between DPS and HIMAG.

It should also be noted that under the provision of Section 12, transfer of personnel, CZM staff will be tenured as civil service employees without loss of salary and other employee benefits and privileges.

There was some concern as to whether the amendment to Section 225M-2(6)(B) would result in the discontinuance of submittal of CIP reports to the Legislature. Pursuant to Section 37-68(2), HRS, the Legislature will continue to have the prerogative of requesting all documents and information from State agencies concerning the State budget. Additionally, the Department of Budget and Finance will be submitting the CIP status reports to the Legislature rather than the Office of State Planning.

Your Committee has amended this bill by including provisions for the creation of an Office of Space Industry in the Department of Business and Economic Development. Your Committee believes that activities related to space exploration and development offer unique opportunities for the State to broaden and diversify its economic base. The Office of Space Industry will aid the State in taking advantage of space-related opportunities by developing, coordinating, and monitoring the progress of a strategic plan for Hawaii's space industry.

Your Committee has further amended this bill by including provisions for a Small Business Incubator Program under the Department of Business and Economic Development. The purpose of the Program is to assist new businesses that create quality jobs, especially those engaged in high technology, which expand and diversify Hawaii's economy to achieve financial viability. After a company became self-sufficient, it would leave the Program to operate independently.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3166, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3166, H.D. 1.

Signed by all members of the Committee.

SCRep. 1052-88 Finance on S.B. No. 3043

The purpose of this bill is to appropriate \$3,000,000 for fiscal year 1988-1989 for sugar research and development, provided that the Hawaiian Sugar Planters' Association provides a dollar-for-dollar match of funds.

Your Committee finds that the adverse effects of losing the sugar industry would be catastrophic to the State. Therefore, the future of Hawaii's sugar industry is dependent on continuing the current research efforts that have brought the industry to its unprecedented level of efficiency.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3043, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3043, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1053-88 Finance 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.

Your Committee has amended this bill by deleting the substance and inserting therefor new material the purpose of which is to ensure the well planned development of the Honolulu waterfront by appropriating funds for various studies as well as for land acquisition. Under this bill, three key steps will be taken: (1) the Legislative Auditor would identify the proper government entity to carry out the Honolulu waterfront development; (2) the Department of Land and Natural Resources would be authorized to acquire three parcels of land within the Kapalama Military Reservation located between Kapalama Basin and Keehi Lagoon; and (3) the Office of State Planning would establish the proper planning mechanism and process needed to guide the overall development of the Honolulu waterfront.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1753, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1753, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1054-88 Finance on S.B. No. 3155

The purpose of this bill is to allow a county or state agency to reimburse the State for funds advanced to the county for wastewater treatment works projects within one year after the completion of project construction.

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 S.B. No. 3155, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3155, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1055-88 Finance on S.B. No. 2832

The purpose of this bill, as received by your Committee, is to resolve certain ambiguities in the franchise tax law pertaining to banks and financial corporations which deprive the State of tax revenues.

The bill provides a method to establish the measure of the franchise tax for the initial year of a bank or financial institution's operations and to prevent underpayment of tax for the second year of operation. The bill also provides for the payment of the franchise tax on the actual net income for the taxable year or part of a taxable year in which a bank or financial institution terminates business operations. The bill further provides for the adjustment of tax and filing of amended returns for the first, second, and final year of business of a bank or financial institution.

Currently, under Chapter 241, Hawaii Revised Statutes, a franchise tax of 11.7 per cent is imposed against the taxpayer's net income from all sources for the preceding calendar year or fiscal year. According to the Director of Taxation, under existing law there is no method in place to establish the measure of the franchise tax for the initial year of a bank or financial institution's operations. As a result, the bank or financial institution need not pay the franchise tax on its net income in excess of the previous year's income which is the year the tax is computed, for its final year of operation. Thus, in both scenarios there would be loss of revenues to the State.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2832, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2832, H.D. 1.

Signed by all members of the Committee.

SCRep. 1056-88 Finance on S.B. No. 3218

The purpose of this bill is to remove the Department of Health from the process of certifying blind, deaf, and totally disabled persons for tax exemption purposes. The bill also provides for blind, deaf, and totally disabled persons to be certified to on forms prescribed by the Department of Taxation for exemption from excise tax and property tax.

Your Committee agrees that the current law requiring certification by the Department of Health or a state or county medical officer is cumbersome for those living in many areas on the Neighbor Islands or due to the unavailability of a medical officer. Shifting certification responsibilities from the Department of Health to the Department of Taxation would facilitate the process for certain tax exemptions.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3218, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3218, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1057-88 Finance on S.B. No. 3088

The purpose of this bill is to expand optional health care to low-income pregnant women, children, elderly persons, aliens, the homeless, and other handicapped and medically needy persons.

Your Committee is in agreement that this bill will make medical services available to those in this "gap group" who may not be seeking medical attention.

Your Committee has made some 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 S.B. No. 3088, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3088, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1058-88 Finance on S.B. No. 2202

The purpose of this bill is to appropriate funds for improving fire protection facilities.

Major portions of Hawaii's water systems were built before the current fire protection standards were adopted. The task of upgrading the system to current standards exceeds the financial ability of the counties to make these changes within a reasonable period of time.

This bill will assist the counties in making these improvements for the general welfare and safety of the citizens of this State.

Your Committee has inserted the sum \$3, so that a more accurate estimate of the costs can be determined at a later date. Your Committee has also 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 S.B. No. 2202, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2202, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1059-88 Intergovernmental Relations on S.B. No. 3401

The purpose of this bill is to establish a commission to develop a land exchange plan between the military and the State of Hawaii. The proposed commission would consist of the following members: the Chairman of the Senate Committee on Military and Civil Defense, the Chairman of the House Committee on Intergovernmental Relations, the Governor of the State of Hawaii or the Governor's designated representative, and the Commander-in-Chief of the Military in Hawaii.

In addition, this bill would also require the commission to prepare and submit an interim report of its activities to the Legislature prior to the Regular Session of 1989 and a final report of its activities, findings, and recommendations to the regular session of 1990 and to also submit at that time similar reports to Congress and the United States Department of Defense. Upon filing the final report the commission would be dissolved.

While in agreement with the intent of the bill, your Committee, after receiving testimony from the Chairperson of the Board of Land and Natural Resources, believes that: (1) a legislative task force working with existing State and federal departments would be better suited for the assignment than a commission within the Department of Land and Natural Resources; and (2) the two positions on the task force held by the Senate and the House should be appointed by the President of the Senate and the Speaker of the House, respectively. Your Committee has therefore amended the bill to reflect these recommendations.

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

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 3401, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3401, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1060-88 Education on S.B. No. 1539

The purpose of this bill is to amend the laws of the State of Hawaii relating to schools.

This short form bill was amended by the Senate to establish a temporary commission on business and community support for public school facilities which would develop a plan to promote and facilitate private contributions for specific public schools or for a building endowment fund for the public school system. The commission would be composed of nine members appointed by the Governor.

Your Committee finds that the Board of Education (Board) already has the authority to establish such a temporary body, or to develop a plan on its own to encourage private contributions for construction of school or library facilities. Your Committee also notes the existence of the Public Schools of Hawaii Foundation which is composed of community leaders who have dedicated themselves to raising private funding for public educational purposes.

The Board is involved in comprehensive planning of capital improvement projects through a matrix system, which sets priorities for planning, design, and construction of public school and library facilities. Article X, Section 3 of the Hawaii State Constitution clearly designates the Board as the agency responsible for the internal organization and management of the public school system.

Your Committee also finds that under current law the Board may accept private contributions. Section 296-32, HRS, authorizes the Board to receive and manage moneys or other property, real, personal, or mixed, which may be given, bequeathed, devised, or in any manner received from private sources.

Since the Board already has the power to effect the purposes of this bill, the bill has been amended to address a more immediate concern to the public school system, the repair and maintenance of our existing school facilities.

The Department of Accounting and General Services (DAGS) is responsible for school repair and maintenance, which includes approximately 3,000 school buildings with an area of more than 15 million square feet. The total value of these buildings is approximately \$600 million.

The substantial increases in the budget for this program over the last three years have expanded such activities as reroofing and repainting, which has made a considerable improvement in the condition of school facilities. However, although conditions have improved, there is still a repair and maintenance backlog of over \$120 million.

Last year, House Resolution No. 84 requested DAGS to develop a plan of action for regular maintenance of school facilities. DAGS complied with the intent of the resolution by submitting a report to the Legislature on the systematic maintenance program in November, 1987.

The development of a systematic approach will be applied to three categories of work:

- (1) Emergency repair, designed to respond to jobs requiring immediate action.
- (2) Minor maintenance repair, which covers those ongoing repair jobs which are completed by individual work orders or by the team maintenance system.
- (3) Major projects, which are jobs awarded to private contractors on a competitive bid basis.

The systematic maintenance program will be implemented in two phases. Phase I will be started in fiscal year 1988-89 and will include:

- (1) Refinement of computer data collection to reduce paper work for emergency repairs.
- (2) Expansion of the team maintenance concept to the Central District.
- (3) Implementation of a roofing maintenance unit.
- (4) Establishment of a planner and estimator unit to identify and evaluate projects in preparation for the development of a six-year budget plan.

Phase II will be implemented in fiscal year 1989-90 and will include:

- (1) Establishment of a second maintenance crew for each school district.
- (2) Development of a six-year budget plan for major projects.

The lack of a cyclical maintenance approach in past years has caused the huge backlog which exists today. Small problems were ignored and allowed to gradually become big problems which eventually resulted in higher repair costs to

the state. Also, the poor physical condition of school buildings has had an effect on the morale of school employees and students, and has left some people with the impression that public education is not a high priority in state government.

Your Committee has amended Section 27-11, HRS, to mandate the Department of Accounting and General Services to implement a systematic maintenance program for public school facilities.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1539, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1539, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hashimoto and Levin.

**SCRep. 1061-88 Housing and Community Development and Consumer Protection and Commerce on S.B. No. 3146
(Majority)**

The purpose of this bill is to provide the first right of refusal to condominium and cooperative housing corporation owners when the fee interest in the land under their project is offered for sale.

It is the intent of your Committees that this bill protect the rights of both the fee owners and the lessees, and subsequently, deter speculators from purchasing the fee interest, under condominiums and cooperative housing corporations, and resell to the lessees at a profit.

Upon further consideration your Committees have amended this bill as follows:

1. deleted the requirement that the real estate commission notify the condominium and cooperative housing corporation owners;
2. deleted the clause which pertains to liquidated damages;
3. deleted the section which pertained to free assignability;
4. substituted "leased fee interest" whenever "fee interest" appears throughout the bill;
5. changed the definition of "condominium";
6. included the definition of "lessor" as set forth in Section 516-1;
7. substituted the term "lessor" whenever the term "fee owner" appears;
8. included a clause which pertains to the purchase and sale of the "leased fee interest". In the event of an offer, 100 percent of the owners must agree to purchase the leased fee interest, or the offer will be deemed rejected, unless the lessor agrees to a partial sale of the leased fee interest; and
9. included an exception that in the event that the land under the condominium and cooperative housing corporation subject to a leased fee interest is part of a larger tract of land and the lessor will not agree to sell the land in parts.

Your Committees have made technical and non-substantive amendments to the bill for the purpose of style and clarity.

Your Committees on Housing and Community Development and Consumer Protection and Commerce are in accord with the intent and purpose of S.B. No. 3146, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. 3146, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.
(Representatives Cachola, Peters and Yoshimura did not concur.)

SCRep. 1062-88 Finance on S.B. No. 3077

The purpose of this bill is to require that the operation of ground transportation services at state airports be opened up for bids.

Under Section 102-2(b), Hawaii Revised Statutes, the operation of a concession or concession space for ground transportation services at State airports is exempt from the bidding requirements of Section 102-2(a). Your Committee finds that exempting concessions for ground transportation services at airports from the bidding requirements of Section 102-2(a) prevents the equal opportunity for concessionaires at State airports.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3077, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1063-88 Finance on S.B. No. 3178

The purpose of this bill is to clarify the mission of the High Technology Development Corporation and to improve aspects of its operation.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3178, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1064-88 Finance on S.B. No. 2295

The purpose of this bill is to establish a wildlife revolving fund under the department of land and natural resources for programs and activities relating to wildlife conservation and management.

Currently under chapter 183D, Hawaii Revised Statutes, moneys for wildlife programs and activities are derived from general fund appropriations and federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. It is the intent of your Committee that the establishment of a wildlife revolving fund and the earmarking of moneys collected for deposit into the revolving fund are to complement and not supplant the appropriation of general funds or other funds for wildlife conservation and management.

Your Committee believes that the establishment of the wildlife revolving fund, as proposed, will enable the Department of Land and Natural Resources to implement wildlife programs and activities in a more effective manner, since the department will not be confined to the use of moneys solely from appropriations and allotments.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2295, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1065-88 Finance on S.B. No. 3185

The purpose of this bill is to clarify and expand existing Hawaii tax provisions which exempt gasohol from the general excise tax to encourage the production and use of locally produced biomass-derived alcohol liquid fuels which may lead to a corresponding reduction in crude oil and gasoline imports.

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 S.B. No. 3185, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3185, H.D. 1.

Signed by all members of the Committee.

SCRep. 1066-88 Finance on S.B. No. 2360

The purpose of the bill is to provide required matching state funds for a federal appropriation of \$6,375,000 for a Center for Applied Aquaculture in Hawaii. The state funds, to be expended by the Department of Land and Natural Resources, are contingent on a signed memorandum of understanding for cooperation being executed between the President of the University of Hawaii, the Chairperson of the Department of Land and Natural Resources, and the Chairperson of the Oceanic Institute, provided that the funds may be expended for facilities at the Oceanic Institute or elsewhere.

Your Committee heard testimony from the Department of Land and Natural Resources, the University of Hawaii, and the Oceanic Institute in support of the intent of the bill.

Your Committee has amended the bill by changing the appropriation from \$1,000,000 to \$2, and by making technical, nonsubstantive changes.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2360, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2360, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1067-88 Finance on S.B. No. 2268

The purpose of this bill is to provide beneficiaries of certain state employees an additional option in the manner in which they may receive death benefits.

Currently, a beneficiary of an in-service contributory member who has had ten years of service at the time of death, but was not eligible for service retirement has no other option than to receive death benefits in a single lump sum. This bill would provide beneficiaries of these members the option of either choosing a lump sum death benefit or a lifetime benefit.

This bill will correct inequities in the current retirement system which affords non-contributory members, but not contributory members, the option provided by this bill.

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 S.B. No. 2268, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2268, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1068-88 Finance on S.B. No. 251

The purpose of this bill, as received by your Committee, is to designate the third Monday in January as a state holiday to be known as Martin Luther King, Jr., Day.

Your Committee received overwhelming testimony in support of designating the third Monday in January as a state holiday in honor of Martin Luther King, Jr. Your Committee agrees that this is an opportunity to pay homage to a man who fought for human rights and economic justice for all people and to honor this great American who continues to inspire those who strive to make equal justice and opportunity a reality for all.

Dr. King was a man of unique and heroic stature, a man of peace and nonviolence who changed the course of our country from a nation preaching equality of opportunity to a nation committed to equality of opportunity.

Dr. King has provided us with a model to which all should strive. He spoke of a dream, a vision of the world, that was and is uniquely American. The dream and ideas he articulated could only happen in the United States. At the center of this vision is the hope and absolute insistence that this country live up to the standards set forth in the Declaration of Independence.

His life calls us to reaffirm our commitment to work for the inclusion of all people in the struggle for freedom and justice. Your Committee is of the opinion that there would be no greater tribute to Dr. King than to establish this state holiday to commemorate all who have dedicated their lives to civil liberties, especially those who have participated in the struggle for social justice and human liberty in Hawaii.

Your Committee finds that establishing an additional state holiday would greatly increase the cost to taxpayers. Your Committee also finds that of all the existing state holidays, Discoverers' Day holds the least present-day significance to the people of Hawaii. Therefore, your Committee has amended the bill to delete the second Monday in October, Discoverers' Day, as a state holiday. Your Committee has also made one technical, nonsubstantive change for purposes of style and clarity.

Your Committee has further amended this bill to be effective January 1, 1989.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 251, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 251, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1069-88 Finance on S.B. No. 2195

The purpose of this bill is to establish a revolving loan program to stimulate agricultural business development and growth on the island of Molokai.

Your Committee received supporting testimony from, among others, the Molokai Task Force, the Molokai Community Federal Credit Union, the Molokai Chamber of Commerce, Bill's Farm, the Molokai Farm Bureau, Bank of Hawaii-Kaunakakai Branch, and the Department of Agriculture.

Your Committee has amended the bill by appropriating \$1, rather than \$500,000, for the revolving loan program, and by making a technical, nonsubstantive change.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2195, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2195, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1070-88 Finance on S.B. No. 2269

The purpose of this bill is to create salaried executive director and deputy executive director positions to be appointed by the Board of Trustees of the Employees' Retirement System of the State of Hawaii.

Your Committee amended the bill to specifically exempt the executive director from the civil service and compensation laws because unless specifically exempted, all executive branch positions are covered by the civil service system. The deputy executive director, however, will be covered by the civil service system.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2269, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2269, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1071-88 Finance on S.B. No. 2514

The purpose of this bill is to:

(1) Empower the Director of Health to provide recruitment and retention incentives for positions in the county/state hospitals;

(2) Create a hospital administration special fund; and

(3) Prohibit the use of general fund appropriations for operating expenses of the county/state hospitals unless the hospital special funds are insufficient.

Your Committee received testimony from the Department of Health, the Hawaii Government Employees Association, and the Director of Personnel Services. Your Committee finds that the county/state hospitals have been encountering severe recruitment difficulties particularly for professional medical personnel. The entire State is experiencing a shortage of nurses and the State is not presently able to be competitive in its recruitment efforts for nurses and other skilled health professionals. This bill empowers the director to offer certain perquisites such as quarters and utilities, monetary incentives, and travel and moving expenses. Your Committee believes that these measures will help to address recruitment and retention problems in the county/state hospitals.

Your Committee believes that the special fund established in this bill addresses the need for flexibility in the hospitals while requiring accountability to the Director of Finance. Your Committee believes that this is appropriate in view of the criticisms made in the Legislative Auditor's report, A Study of the County/State Hospital Program.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2514, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2514, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1072-88 Finance on S.B. No. 2349

The purpose of this bill is to provide that Act 225, Session Laws of Hawaii 1987, shall not limit the right and ability of any public officer or employee to receive salary increments, reallocations, or any other form of pay increase derived or gained through established civil service procedures, nor to deny or restrict petitions for appeal.

Act 225 was enacted as a follow-up to Act 157, Session Laws of Hawaii 1986, which mandated a pay equity study of certain classes of public employment to determine whether there is wage discrimination based on sex in job evaluation systems used by the counties and the State. The study found no wage discrimination based on sex and concluded that there is no reason to change the current job pricing system; however, state and county assessments of a few classes of work were found to be at variance with the consultant's findings.

Act 225 adjusted the pay for a few classes at variance with the findings of Act 157 and mandated the conference of personnel directors to conduct a special review and make recommendations to the 1988 legislature. This bill seeks to ensure that employees in classes of work identified by the consultant pursuant to Act 157 as properly compensated shall continue to be eligible for the usual compensation and appeal procedures afforded other public employees under civil service law.

Your Committee further finds that there is ambiguity in Act 225 which gives rise to legitimate concerns that classes of employment currently considered properly priced and valued may be so priced and valued forever. This bill would statutorily ensure continuing civil service compensation protection for workers in such classes and is, therefore, consistent with the intent of the legislature in enacting Acts 157 and 225.

Your Committee has amended the bill by adding four new sections to the bill as follows:

(1) A findings and purpose section stating the intent of the bill;

(2) A section specifying the classes that are subject to a salary range increase and corresponding pay rate adjustments effective July 1, 1988;

(3) A section appropriating \$15,500 for adjustments authorized for state employees and \$12,000 for adjustments authorized for employees of the city and county of Honolulu; and

(4) A section stating that the adjustments in the bill are not to be construed as part of wage negotiation cost items.

Your Committee has also 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 S.B. No. 2349, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2349, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1073-88 Finance on S.B. No. 2209

The purpose of this bill is to upgrade the Waikiki Aquarium.

Your Committee finds that the Waikiki Aquarium is in need of major renovation, repair and maintenance to maintain its reputation as a first-class aquarium.

Your Committee has amended this bill by clarifying that \$625,000 of the \$3,000,000 appropriated is to be used for the design of Phase I of the Master Plan.

In addition, 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 S.B. No. 2209, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2209, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1074-88 Finance on S.B. No. 2979

The purpose of this bill is to: (1) require the family court to provide nonsecure shelter facilities for juveniles under the court's jurisdiction who are status offenders or law violators exhibiting a low degree of involvement in illegal and antisocial activities; (2) appropriate funds to establish nonsecure shelter for juveniles; and (3) appropriate funds to expand emergency shelter for abused or neglected children.

Your Committee finds that this bill will expand the range of alternatives available to the State for the placement of juveniles under its jurisdiction. The bill will enable the family court to separate juvenile law violators who are significantly involved in illegal activities from status offenders and those only marginally involved in illegal activities. The bill will also expand emergency shelter to accommodate the increasing numbers of abused or neglected children.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Deleted Section 1 of the bill which describes the purpose of the bill;
- (2) Amended Sections 571-31, 571-31.2, 571-31.3, 571-31.4, and 571-31.5, Hawaii Revised Statutes, to require the family courts to provide juvenile intake and diagnostic services on a 24-hour basis;
- (3) Appropriated \$390,000 for juvenile intake and diagnostic services; and
- (4) Appropriated \$500,000 for demonstration rehabilitation programs for juvenile offenders as alternatives to placement in Hawaii Youth Correctional Facility or Hale Ho'omalulu, the detention facility.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2979, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2979, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1075-88 Finance on S.B. No. 2633

The purpose of this bill is to ensure the availability of relay services for the deaf and hearing-impaired.

The bill provides that the Public Utilities Commission shall implement a program to achieve relay services for the deaf or hearing-impaired. The bill also provides that the Public Utilities Commission shall require every telephone public utility providing telephone service to file a schedule of rates and charges providing a rate for relay services for the deaf and hearing-impaired.

Your Committee amended this bill by deleting all references to a tax credit for relay services for the deaf and hearing impaired in section 3. Section 3 was replaced with a \$10 appropriation from the general revenues of the State for fiscal year 1988-1989, to be expended by the Department of Health so that a more accurate amount could be determined at a later date.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2633, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2633, H.D. 2.

Signed by all members of the Committee.

SCRep. 1076-88 Finance on S.B. No. 739

The purpose of this bill is to reduce the time period after which restrictions relating to the use of residential lots sold by the State expire.

Your Committee has amended this bill by deleting the substance and inserting therefor new material the purpose of which is to establish a land banking program.

Your Committee finds that the concept of land banking, the immediate acquisition of land for future public benefits, is vital to controlling future growth, development, and land use within the State. Under this amended bill, a state agency would be established within the Department of Land and Natural Resources to acquire title to, or long-term use of, lands for a land bank. In addition, funds are appropriated to acquire fifty-eight parcels of land, identified by the Department of Land and Natural Resources, witnesses, and House members, and deemed to have present or future value as recreational, scenic, cultural, historic, geological, hydrological, or wildlife refuge resources.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 739, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 739, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1077-88 Finance on S.B. No. 2381

The purpose of this bill is to establish a revolving fund to provide financial assistance to any county or state agency for the construction of publicly owned wastewater treatment works.

The bill also provides that the thirteen temporary positions in the Wastewater Treatment Works Construction Grants Branch be converted to federally funded permanent positions and that state funds appropriated under Act 216, Session Laws of Hawaii 1987, Item D-1 be utilized as matching funds in an amount equal to twenty per cent of federal capitalization grants.

Your Committee finds that Congress has long expected states and municipalities to eventually assume full responsibility for financing new and replacement wastewater facilities. The recently enacted Water Quality Act of 1987 sets forth a schedule and mechanism for completing the transition to full state and local responsibility.

The Environmental Protection Agency's (EPA) direct grant program ends in 1990, while the authority for EPA to make grants to the states to capitalize state water pollution control revolving funds (SRF) begins in 1989. Congress has authorized funds for SRF capitalization grants from fiscal year 1989 through fiscal year 1994 amounting to about \$63 million to the State of Hawaii. However, after 1994, the states and municipalities will be responsible for providing financing necessary to meet the enforceable requirements of the Act.

In order to receive the \$63 million of federal capitalization grants, the State must establish, by statute, a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987. Establishment of the SRF would provide financial assistance to the counties constructing needed future wastewater facilities, insure compliance with statutory deadlines, and protect our water resources and public health.

Your Committee has amended this bill to appropriate funds for environmental and technical studies related to site selection and the preparation of an environmental impact statement for establishment of a space launching facility, and including baseline studies by the University of Hawaii at Hilo.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2381, S.D. 2 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2381, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1078-88 Finance on S.B. No. 2201

The purpose of this bill, as received by your Committee, was to appropriate \$190,000 for "satellite" state government offices in outlying areas of Oahu.

Your Committee has amended this bill by deleting its substance and inserting new material, the purpose of which is to create a temporary office of international services for the State to develop a strategic plan for expanding Hawaii's role in the Pacific Basin and to develop a program for hosting international VIP's.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2201, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2201, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1079-88 Finance on S.B. No. 2708

The purpose of this bill is to provide a general excise tax exemption for certain transactions between related entities and for common paymaster operations. This bill provides like treatment for such operations and transactions under the general excise tax and under the income tax.

Your Committee finds that it is the common practice of businesses to centralize cash requirements as well as managerial and administrative services in order to achieve economies of scale, function, or expertise. The general excise tax as it is presently structured imposes the four per cent tax on these centralized services which are reflected on the entities' books as services provided and income received. Under the income tax, no tax is imposed upon such transactions, however, this is not true of the general excise tax. The following discussion explains this area.

In order to properly supervise subsidiaries, and to determine whether or not they are profitable, a parent corporation charges a subsidiary for managerial, administrative, legal, or accounting services provided to the subsidiary. For income tax purposes these charges appear on the corporate books. The subsidiary, in turn, reflects payments for such services to the parent, again this is reflected on the corporation books and on the income tax return. The Income Tax Law allows these transactions not to be taxed. This is not true of the general excise tax, where there is no similar provision for nontaxability. The result is that due to income tax provisions and good accounting principles, the corporation is charged general excise taxes on what are substantially book transactions, when in fact no money may have exchanged hands. The first half of subsection (a) of this bill takes care of this problem and exempts such transactions from the general excise tax.

The exemption includes the compensation of persons rendering services which are exempted and also exempts the overhead costs attributable to such services. Overhead costs should follow generally accepted accounting definitions and should include, but not be limited to, office rent, facilities, equipment costs, phone systems, utilities, fringe benefits, insurance or indemnity, support staff, compliance costs related to licensing or regulatory requirements, contracted services such as legal, accounting, advertising, and support services, and indirect expenses such as travel and entertainment, donations, dues, and subscriptions. Your Committee notes that the exemption should be administered evenhandedly by the Department of Taxation and not abused by those entities which may choose to exercise the exemption.

The second half of the bill recognizes another trap between the two tax laws -- the Income and General Excise Tax Laws. In this case there may be two or more related entities who choose one of the entities to do the payroll for all of the entities. This choice is made for good business reasons and allows the best use of the expertise of the various entities. The nonpayroll entities in this situation will transmit to the common paymaster entity amounts to be disbursed. Included in these amounts will be employee wages and salary, payroll taxes, and employee benefits, which the common paymaster then distributes to the employees of all the related entities, the proper governments for taxes, and the proper entity for employee benefits. Under the Income Tax Law, there is no tax placed on the common paymaster on the sums representing wages and salary, payroll taxes, and employee benefits; the general excise tax, however, does tax these amounts. The imposition of tax in this area prevents businesses in Hawaii from undertaking a cost-effective method of doing business.

Your Committee finds that the exemptions provided by this bill will assist the development of business in Hawaii and promote a positive business climate.

Your Committee has amended this by changing the reference to "the federal Internal Revenue Code of 1954, as amended as of December 31, 1986" to "the federal Internal Revenue Code of 1986".

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2708, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2708, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1080-88 Finance on S.B. No. 3015

The purpose of this bill is to: (1) change the name of the Honolulu Endowment Fund to the State of Hawaii Endowment fund; (2) replace the Department of Accounting and General Services with the Honolulu Symphony as the administrator of the fund; (3) provide that the funds appropriated in fiscal year 1987-1988 will lapse in fiscal year 1988-1989; and (4) limit the maximum of funds which can be matched by the State to \$1,000,000.

Your Committee received favorable testimony from both the Honolulu Symphony and the Department of Accounting and General Services.

Your Committee finds that: (1) the new name of the fund is more descriptive of the funding source; (2) as administrator of the fund, the Honolulu Symphony can more effectively maximize the rate of return for the fund; (3) extending the lapsing period will allow the Honolulu Symphony to satisfy the matching requirement through a special fund raising effort; and (4) the \$1,000,000 in State matching funds will help insure the continued success of the Honolulu Symphony.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3015, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1081-88 Finance on S.B. No. 2758

The purpose of this bill is to grant to the Attorney General the authority to appoint an administrative services manager to oversee the nonlegal activities and operation of the department.

The bill would further provide for the position of a secretary to assist the administrative services manager. Both the manager and the secretary would be exempt from civil service.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2758, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1082-88 Finance on S.B. No. 2603

The purpose of this bill is to encourage the development of Hawaii as an international center of financial services by exempting certain trust income from taxation.

Specifically, this bill amends Section 235-4.5, Hawaii Revised Statutes, to exempt from the gross income of a foreign corporation acting as a personal holding company, the income received from intangibles to the extent that the income to the trust beneficiaries is excluded under Section 235-4.5(a), and the trust company holds 100% of the corporate stock.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2603, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1083-88 Finance on S.B. No. 2395

The purpose of this bill is to appropriate funds for capital improvement projects and operational costs for Hawaii's Main Street Development Program.

Along with the decline of the sugar and pineapple industries, small towns have also declined. The residents of these small towns are trying to make a living, but require the assistance from the larger community.

Main Street Development Programs provide training, technical assistance, and resource services to the residents of these small towns. Along with the training, the Main Street Development Program also provides community development programs between public and private sectors. Such community development programs include the installation of street lighting, parks, senior centers, streetscapes, and sidewalks.

The funds would provide for the systematic coordination of public and private sector improvements being made to small towns. The bill further states that the counties would be required to match 20 per cent of the funds the State allots for each town's improvements or for the purpose for which the sum was appropriated.

Your Committee amended this bill by deleting section 3 relating to capital improvement projects and renumbered the remaining sections accordingly. Your Committee also amended section 5 to replace the Department of Accounting and General Services with the Department of Business and Economic Development to be the appropriate expending agency in this matter.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2395, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2395, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1084-88 Finance on S.B. No. 3182

The purpose of this bill is to mandate the Governor's Advisory Board on the Underwater Cable Transmission to develop legislation to establish a comprehensive permit system relating to geothermal and cable system development.

One of the major and fundamental elements of the development of a combined geothermal/cable system project is the diverse array of federal, state and county land use, planning, environmental and other related laws, regulations, and permits that currently control the undertaking of all commercial projects in the State. Many of these controls attempt to ensure that commercial development projects are undertaken in a manner consistent with land use, planning, environmental, and other public policies. At the same time many of these specific laws, regulations, and controls overlap in jurisdiction.

This bill seeks to establish a comprehensive permit system designed specifically to facilitate the implementation of a geothermal/cable system project.

Your Committee 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 S.B. No. 3182, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3182, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1085-88 Judiciary on S.B. No. 2923

The purpose of this bill is to provide that possession of one-eighth ounce or more of methamphetamine constitutes an offense of promoting a dangerous drug in the second degree.

Testimony from a law enforcement representative noted the dramatic rise in the sale, use, and possession of illicit methamphetamines known as "crack," "ice," and "crystal."

Your Committee has amended this bill by adding the term "non-prescription" to describe methamphetamine in order to differentiate from methamphetamine provided for medical prescriptions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2923, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2923, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1086-88 Judiciary on S.B. No. 2910

The purpose of this bill, as received by your Committee, is to provide for mandatory sentencing for the offense of selling any marijuana or distributing any Schedule V substance in any amount.

This bill's provisions are aimed at addressing a current problem involving a small number of street dealers who repeatedly make sales of less than two ounces of marijuana or other Schedule V substances. Classified as an offense of promoting a detrimental drug in the second degree, this offense constitutes a misdemeanor under the Penal Code.

Your Committee has amended the bill by removing the provisions for mandatory sentencing and by providing that the offense of promoting a detrimental drug in the second degree will constitute a class C felony.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2910, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2910, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1087-88 Judiciary on S.B. No. 2924

The purpose of this bill, as received by your Committee, is to establish in the Penal Code the offenses of negligent injury in the first and second degrees and to redefine the offenses of negligent homicide.

Currently under the Penal Code, criminal penalties are imposed when negligent driving results in a person's death, but no criminal penalties are imposed if negligent driving results in injury to another person, even if severe physical impairment results. The bill provides for criminal penalties when negligent driving causes serious or substantial bodily injury to another person.

Your Committee has amended the bill by removing the provisions to redefine the offenses of negligent homicide; however, the proposed increases of the penalties for these offenses have been retained.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2924, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2924, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1088-88 Judiciary on S.B. No. 2773

The purpose of this bill, as received by your Committee, is to allow the Director of Finance to designate a representative to attend and act in place of the Director at meetings of the Board of Trustees of the Public Employees Health Fund and the Board of Trustees of the State Deferred Compensation Plan.

Your Committee heard testimony in support of the bill's intention from the Departments of Budget and Finance, Business and Economic Development, and the Attorney General. Besides their regular duties, department heads are often required under statute to serve as members of boards, commissions and other organizations. Presently, the law does not clearly empower a department head to send a representative to an organization's meeting when the department head is

unable to attend, nor is it clear whether the representative carries any authority or immunity for actions taken or decisions made in the representative capacity.

Your Committee has amended the bill to also allow the Director of Business and Economic Development to designate a representative to attend and act in place of the Director at meetings of the State Policy Planning Council, the Housing Finance Development Corporation, and the Research Corporation of the University of Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2773, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2773, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1089-88 Judiciary on S.b. No. 2332

The purpose of this bill is to provide procedures by which an adopted child may obtain medical information from the child's natural parents.

Your Committee heard testimony which supported the intent of the bill but which indicated that the bill's provisions, as drafted, would cause foreseeable problems in its implementation.

Your Committee has amended the bill by removing the existing provisions and providing instead for a method of obtaining certain medical information about the natural parents and about the birth of the adopted child at the filing of any document requesting termination of parental rights and the petition for adoption. The information will be retained by the Department of Health and shall be furnished upon the filing of an application, to the adopted child having reaching the age of majority, or the adoptive parent on behalf of a minor adopted child. Technical, nonsubstantive amendments have also been made 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. 2332, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2332, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1090-88 Judiciary on S.B. No. 112

The purpose of this bill is to disallow state tax deduction for political campaign contributions.

Your Committee received testimony in support of this bill from the Department of Taxation and the Hawaii Business League. Testimony indicated that the bill's provision is consistent with the repeal under the Tax Reform Act of 1986 of the partial federal tax credit for political contributions.

Your Committee has amended the bill by also amending the provisions which limit the campaign contribution amount that can be given. The amendments include adding language to clarify that the limit applies to contributions to candidates' committees.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 112, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 112, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1091-88 Judiciary on S.B. No. 2907

The purpose of this bill is to make illegal the transportation of explosives, including fireworks and pyrotechnic devices, to any jurisdiction within the State where their use is prohibited.

While the majority of counties regulate the use of fireworks and pyrotechnic devices, current state statutes do not specifically prohibit the transportation of said explosives thus thwarting some of the county imposed restrictions. This bill would assist counties who choose to regulate fireworks and pyrotechnic devices by making it unlawful to transport such explosives to any island or county prohibiting said uses, and imposing penalties.

Your Committee has amended the bill to make more specific the prohibition against transportation, by inserting the words "or sale" in section 1, line 9.

Your Committee received testimony in support of this bill from the Department of Labor and Industrial Relations, the Honolulu Police and Fire Departments, the American Lung Association, and the Hawaiian Humane Society.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2907, H.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1092-88 Judiciary on S.B. No. 2112

The purpose of this bill is to broaden the definition of "fugitive from justice" under section 134-1, Hawaii Revised Statutes, to include persons who flee from countries other than the United States to avoid prosecution for felony or to avoid giving testimony in any criminal proceeding.

A fugitive from justice is prohibited by law from owning or possessing any firearm or ammunition. Your Committee finds that the proposed inclusion to the definition is difficult to enforce because of the burden of investigating whether an applicant is avoiding prosecution or a criminal proceeding requiring that person's testimony in any other country.

Your Committee has amended the bill by replacing the proposed inclusion to the definition with an inclusion of persons who has fled the United States to avoid lawful extradition from the United States. Whether a person is avoiding extradition can be reasonably verified.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2112, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2112, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1093-88 Judiciary on S.B. No. 2922

The purpose of this bill is to provide that possession of one ounce or more of methamphetamine and distribution of one-eighth ounce or more of methamphetamine constitute offenses of promoting a dangerous drug in the first degree.

Testimony from a law enforcement representative noted the dramatic rise in the sale, use, and possession of illicit methamphetamines known as "crack," "ice," and "crystal."

Your Committee has amended this bill by adding the term "non-prescription" to describe methamphetamine in order to differentiate from methamphetamine provided for medical prescriptions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2922, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2922, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1094-88 Judiciary on S.B. No. 3292

The purpose of this bill is to clarify and distinguish between the elements of the offenses of class A and class B felony kidnapping by the classification of kidnapping into first and second degrees.

Your Committee received testimony in support of this bill from the Office of the Public Defender. Presently, the Penal Code provides that kidnapping constitutes a class A felony unless certain facts are established to reduce the offense to a class B felony. This bill restructures this classification into first and second degree kidnapping. The proposed classifications will not change the substance of the existing provisions, but will make clear that the defendant is charged with the degree of offense corresponding to the defendant's conduct.

Your Committee has amended this bill by making the classification of kidnapping in the second degree to be kidnapping other than kidnapping in the first degree. According to testimony, the provisions, as previously proposed in the bill, could be narrowly read to require that extra elements must be proven for second degree kidnapping than for first degree kidnapping. By this reading, second degree kidnapping would not qualify as a lesser included offense as intended by this bill. The bill is further amended by replacing in section 707-720 terms denoting gender with neutral terms.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3292, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3292, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1095-88 Judiciary on S.B. No. 2932

The purpose of this bill is to replace the pronouns denoting gender with gender neutral terms to the definition of "intentionally" in Section 702-206, Hawaii Revised Statutes.

Your Committee received testimony in support of this bill from the Office of the Public Defender and the Police Department of the City and County of Honolulu.

Your Committee has amended the bill by replacing the pronouns denoting gender with gender neutral terms for all the definitions in Section 702-206. Your Committee also made other technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2932, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2932, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1096-88 Judiciary on S.B. No. 2702

The purpose of this bill, as received by your Committee, is to allow the award of attorney fees to a prevailing party in actions affecting the public interest.

Your Committee has amended the bill to provide that the court shall award to a private landowner, as the prevailing party, the attorney's fees incurred in any action against another private landowner to remedy the infringement of any of the rights incidental to the ownership of land. Such incidental rights of land ownership include the right to be free from encroachment originating from adjacent lands and the right to lateral and subjacent support of land by adjacent lands. This proposed provision will relieve landowners of the financial burden of having to bring actions in court to remedy the infringement of such rights caused by other landowners. The other provisions of the bill have been removed.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2702, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2702, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1097-88 Judiciary on S.B. No. 2124

The purpose of this bill is to provide statutory guidelines for the issuance of special permits for the possession, transportation, and use of firearms with blank cartridges in the State as film props.

Your Committee heard testimony in support of this bill from the Department of the Attorney General, the Department of Business and Economic Development, and the Police Department of the City and County of Honolulu.

Your Committee has amended the bill by providing that the chiefs of police of the counties, instead of the Attorney General, will administer the permit process since they have the statutory authority and the procedures already established for the issuance of permits to own firearms and licenses to carry firearms. The bill was also amended to remove its coverage of explosives since a separate licensing procedure already exists in the Occupational Safety and Health Division of the Department of Labor and Industrial Relations. The fee for the issuance of each special permit is amended to be \$10 in order to be consistent with the charge for the issuance of a license to carry a firearm. Your Committee has further amended the bill by making 21 years the minimum age of persons who can receive the special permits in order to be consistent with federal firearms regulations as indicated in the testimony. The bill was also amended to remove the requirement of a state film permit since this permit is not necessary unless the production occurs on State property.

Other amendments include adding provisions clarifying that a permit applicant cannot bypass any federal registration requirements and requiring that the application be signed and a copy to be retained as a permanent record by the issuing authority. Your Committee also removed several provisions, including instructions to the issuing authority to make certain rules, the requirement of fingerprinting and photographing of the applicant, and provisions that certain persons may carry firearms without license on the condition that their duties require them to be armed. Other provisions have been rearranged.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2124, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2124, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1098-88 Judiciary on S.B. No. 2559

The purpose of this bill is to allow the county prosecuting attorney to appear and present evidence at minimum term and parole hearings, to require the Hawaii Paroling Authority to adopt guidelines for the uniform determination of minimum sentences, and to allow the attendance by the victims, designees, or surviving immediate family members at the minimum term hearing.

Your Committee heard testimony in support of this bill. According to testimony, the Hawaii Paroling Authority permits prosecuting attorneys to attend parole hearings, but this bill's provisions would codify their right to attend and present evidence. Defense attorneys already are authorized under statute to attend and participate in the hearings. Your Committee intends that this bill cover all prosecuting attorneys, including Deputy Attorneys General who prosecute criminal cases.

Your Committee has amended the bill to allow the prosecuting attorneys to present either written or oral testimony and not be limited to providing written testimony.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2559, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2559, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1099-88 Judiciary on S.B. No. 2574

The purpose of this bill is to amend section 707-726, HRS, which relates to custodial interference in the first degree.

At present, the only sanction available for the failure by the non-custodial parent to return a child to the custodial parent is contempt of court for violation of the divorce decree. This bill would include "child snatching" in section 707-726 thus making such action a class C felony. The bill would further allow the court to seek federal assistance in extraditing the offender back to Hawaii.

Your Committee has made changes to correct certain statutory provisions cited in the bill.

Your Committee received testimony in support of this bill from the Judiciary, the State Attorney General and Prosecutors and Police Chiefs of the City and County of Honolulu, and the Counties of Kauai, Maui and Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2574, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2574, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1100-88 Judiciary on S.B. No. 2523

The purpose of this bill is to exempt jurors and witnesses from paying fines for parking violations while attending court duties.

Your Committee received testimony in support of this bill from the Judiciary and the Office of the Public Defender. Because jurors and witnesses are at the call of the court, such persons often receive parking tickets because they cannot leave the courtroom to deposit money into parking meters. The bill's provision removes the unfair penalty of parking violations on jurors and witnesses who are providing an important public service.

Your Committee has amended the bill by adding a provision that the lessee of a motor vehicle is responsible for any parking citation which is issued on that motor vehicle. This provision would provide a means of collecting parking fines from visitors who lease or rent motor vehicles in Hawaii. Currently, the rental and leasing companies have been paying the fines assessed administratively. Under the bill, the lessor must provide the address of the lessee to the court and in lieu of providing the address, pay an administrative fine of \$2.00 to the court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2523, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2523, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1101-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3093 (Majority)

The purpose of this bill is to prevent valuable public lands from being classified as "remnants" and being disposed of without restriction.

This bill provides safeguards by defining the term remnant more precisely to exclude lands valuable for public access or public recreation.

Your Committee heard testimony from the Department of Land and Natural Resources, the Department of Transportation (DOT), the Office of Hawaiian Affairs, the League of Women Voters of Hawaii, Save Our Beach, Life of the Land, Sierra Club, Ka Ohana O Kalae, and the County of Hawaii. Concern was expressed by the DOT that procedures for disposal could become so complex that the cost of disposal would exceed the value of property thus making it impossible to get rid of small remnants. Others expressed concern that property valuable for public access or public recreation could be lost without public knowledge or participation.

Your Committee has made amendments to the definition of remnant. Your Committee has accepted the Senate language related to disposition, in the belief and with the intent that the phrase "considering public testimony" calls for appropriate notice and a public hearing on the issue.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3093, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3093, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Pfeil.
(Representatives Hashimoto and Say did not concur.)

SCRep. 1102-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 743 (Majority)

The purpose of this bill is to improve the State's historic preservation efforts relative to the protection, preservation, reinterment and archaeological examination of significant prehistoric burial sites.

Your Committee has heard testimony from the Department of Land and Natural Resources, the Department of Accounting and General Services, the Land Use Research Foundation, and the Department of Transportation. All testifiers expressed concern about various aspects of the bill and the Department of Transportation opposed it without suggesting any possible amendments.

Based on recommendations received, your Committee has made the following amendments:

1. Page 2, lines 2 and 3 have been revised to read, "approves any project involving a permit, . . ." The purpose of this amendment is to clarify the intent of the section.
2. Page 2, lines 10 and 11 have been revised to read, "At any site other than identified cemeteries . . .". The purpose of this amendment is to exclude known, maintained, actively used cemeteries from the requirements of this act.
3. Page 2, lines 18 and 19 have been revised by adding the phrase "the medical examiner or coroner and the appropriate police department." The purpose of this amendment is to make sure all appropriate agencies are promptly notified.
4. Page 3, lines 1-3 have been amended to make it clear that the marine examiner or coroner's office will participate in the examination of the remains and the determination of jurisdiction.
5. Page 3, lines 11 and 12 have been amended to provide that criteria based on those established in the Hawaii Register of Historic Places shall be the basis for determining when data recovery and removal of the burials is warranted. This amendment also provides for the development of a mitigation plan when such action is required.
6. Page 3, line 17 has been amended to delete the word "specific" in reference to lineal descendants.
7. Page 4, line 17 has a new subsection (4), setting deadlines for carrying out the mitigation plan.
8. Page 4, lines 22-23 have been amended for clarity.
9. Page 5, after line 10, has been amended by adding a provision that, when lineal descendants request special disposition, the cost thereof is to be borne by the lineal descendants.
10. Several non-substantive amendments have been made 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. 743, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 743, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Hashimoto and Say did not concur.)

SCRep. 1103-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3225

The purpose of this bill is to allow the Department of Land and Natural Resources to control horses which are trespassing within Natural Area Reserves and to enable the Department to withdraw land from forest reserve based on a hearing conducted for other purposes.

Your Committee heard testimony from DLNR and the Sierra Club.

Your Committee agrees it is necessary to control the grazing of animals within Natural Area Reserves. However, your Committee has very strong feelings concerning the importance of Forest Reserves, and we cannot visualize any circumstance under which land should be withdrawn from Forest Reserve Status without careful review and full public discussion.

Therefore, your Committee has amended this bill by deleting the last sentence in Section 2. Your Committee believes changes in Section 2, which relieve the Governor of the responsibility for the hearing and places that responsibility with the Department of Land and Natural Resources, are appropriate in the context of the current responsibilities of the Department.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3225, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3225, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1104-88 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 3224

The purpose of this bill is to revise the definition of agriculture to include aquaculture.

Your Committee received favorable testimony from the Department of Land and Natural Resources and finds that this bill does clarify that public lands can be used for aquaculture purposes and is a qualified "agricultural" use.

Your Committee has made several non-substantive amendments.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3224, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3224, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Bunda, Fukunaga and Hiraki.

SCRep. 1105-88 Water, Land Use, Development and Hawaiian Affairs and Planning, Energy and Environmental Protection on S.B. No. 2462

The purpose of this bill is to add to the list of those agencies with whom the Commission on Water Resource Management is required to consult when determining instream water resources and needs.

Your Committees have received testimony in favor of the bill from the Land Use Research Foundation, the Board of Water Supply of the City and County of Honolulu, Kauai Electric, and the Hawaii Sugar Planters' Association. The Fish and Wildlife Service offered to assist in carrying out surveys of sensitive stream habitat if the state were to institute a wild and scenic rivers program. The Department of Land and Natural Resources testified that additional consultation requirements are not appropriate at this time. Testimony in favor of establishing a wild and scenic rivers program was received from Wai Ola, the Conservation Council, Life of the Land, the Sierra Club and the American Association of University Women as well as several individuals. Most of the latter group also expressed concern that interim instream flow standards were giving away so much water that inadequate supplies would be available to sustain desirable minimum flow when minimum flow standards are finally set.

Your Committees have strong and somewhat divergent concerns. While members may disagree on the weight which should be given various considerations, there is consensus that water is vital to growth, development and the quality of life in general. Also, there is agreement that preservation of some streams, or portions thereof, in a pristine condition is a vital component of the quality of life.

Therefore, your Committees have amended this bill to move toward the development of a wild and scenic rivers program in Hawaii, and calling for an effort to identify a specific number of streams on each island for inclusion in the program. Other non-substantive amendments were made for style and clarity.

Your Committees have also amended page 6 to reflect their understanding that aquatic biologists are located in the Department of Land and Natural Resources rather than the Department of Health.

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 S.B. No. 2462, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2462, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Pfeil.

SCRep. 1106-88 Planning, Energy and Environmental Protection on S.B. No. 2750

The purpose of this bill is to grant the surface owner or its assignee the first right to apply for a mining lease on reserved lands within a geothermal resource subzone.

Under Section 182-5, Hawaii Revised Statutes, the Board of Land and Natural Resources grants mining leases on reserved lands to the occupier or the occupier's assignee. This bill protects the surface owner or the owner's assignee by giving them the first right to apply for a mining lease.

Your Committee has amended this bill by inserting language to clearly state that the granting of a mining lease does not presume that a geothermal resource subzone will be designated and that geothermal activities shall not occur on land within the geothermal mining lease until the area is designated a geothermal resource subzone.

This bill has been further amended for the purpose of consistency.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 2750, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2750, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1107-88 Planning, Energy and Environmental Protection on S.B. No. 2485

The purpose of this bill is to conform existing state law with federal statutes regarding endangered species.

This bill would clarify that the Department of Land and Natural Resources has the authority to determine the circumstances under which transplanting would be appropriate and to regulate the conditions under which transplanting would be permitted.

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

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 2485, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2485, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1108-88 Planning, Energy and Environmental Protection on S.B. No. 2860

The purpose of this bill is to establish a process which enables any person or agency to appeal an agency determination to the state environmental council (council) as to whether or not an environmental impact statement (EIS) is required.

This bill, as received, would amend chapter 343 by adding a new section titled "Advisory Opinions." The purpose of this addition would be to provide specific language to reflect the council's authority to issue advisory opinions as to the applicability of any statutory provision of chapter 343 or of any rule or order adopted by the council in matters pursuant to chapter 343.

As presently drafted, the statutory amendment relative to advisory opinions appears unnecessary. The council already has the right to issue opinions on matters or rules promulgated pursuant to chapter 343.

Your Committee received various testimonies which indicated that the authority of the council to issue declaratory rulings on the applicability of chapter 343, as well as the council's own rules has been recently questioned. As a result the council has refused to act on petitions for declaratory ruling submitted by interested persons. Your Committee feels that there is a need to include specific language in chapter 343 which affirms the authority of the council to issue declaratory rulings covering the scope of the statutory provisions of chapter 343. Consequently, Your Committee has amended this bill by inserting the words "declaratory ruling" into title and wording of section 343- , in Section 1 of this bill.

Your Committee has also received testimony indicating that there are many misconceptions regarding the provisions set forth in chapter 343. Since the office of environmental quality control (OEQC) is solely responsible for the oversight of chapter 343 and no other agency has that responsibility, it is important that OEQC focus its efforts on the duties required under chapter 343 and other functional responsibilities under chapter 341. The present growth and development occurring statewide emphasizes the need for OEQC to coordinate, guide, and generally perform its statutory coordination responsibilities, as well as to provide educational guidance, so as to assure conformance among state and county agencies in implementing the environmental review procedures required by chapter 343. Your Committee has thus amended this bill by deleting sub-section 341-4(b), HRS, since this sub-section is superfluous and is not necessary for the purposes of sub-section 341-4(a).

This bill has also been amended for purposes of style and clarity.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 2860, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2860, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1109-88 Planning, Energy and Environmental Protection on S.B. No. 2641

The purpose of this bill is to require the Department of Health to test water and life forms for any hazardous effects as a result of being subjected to water pollution, to assess any effects on the environment, and to notify the public when the water and shoreline contain aquatic life that could be hazardous to consume.

The bill, as received, provides the Department with specific authority to monitor any waters or aquatic and other life that may be affected by an oil spill or other form of water pollution, to notify the public when it would be hazardous to consume affected aquatic or other life, and to post warning signs in affected areas.

Your Committee has amended this bill by replacing the word "may" for "shall" on line 6, page 5. This change was recommended by the Environmental Center so that the Director of Health would have discretionary authority to conduct tests on any water and aquatic and other life that has been subjected to an oil spill or any other form of water pollution.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 2641, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2641, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1110-88 Planning, Energy and Environmental Protection and Ocean and Marine Resources on S.B. No. 2383 (Majority)

The purpose of this bill is to require the Board of Land and Natural Resources (BLNR) to give notice to abutting land owners and the public when shoreline determinations are to be made.

This bill would also specify that shoreline determinations shall:

(1) Not designate public property created by erosion as private property; and

(2) Require the removal of any artificial developments which may affect the determination and were placed or built without the proper permits and approvals.

Current law gives BLNR the authority to make rules prescribing procedures for shoreline determinations and appeals of shoreline determinations; providing that no determination shall be valid for longer than twelve months, except where the shoreline is fixed by approved man-made structures. Although Act 258, Session Laws of Hawaii 1986 mandated the BLNR to adopt rules by June 30, 1987, the rules have yet to be adopted.

Your Committees have amended this bill by deleting portions of paragraph (b)(1) and by deleting paragraphs (b)(2)-(5), and sections (c) and (d).

Your Committees on Planning, Energy and Environmental Protection and Ocean and Marine Resources are in accord with the intent and purpose of S.B. No. 2383, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2383, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.
(Representatives Hashimoto and Say did not concur.)

SCRep. 1111-88 Planning, Energy and Environmental Protection and Transportation on S.B. No. 1194 (Majority)

The purpose of this bill is to require buses, operating on any highway, to be equipped with vehicular smoke emission control devices.

This bill requires that the vehicular smoke emission control devices meet the standards established by the Department of Health pursuant to Chapter 342, Hawaii Revised Statutes. However, because there are no smoke control devices available for diesel-powered engines, the department will not be able to implement this measure. Furthermore, testimony presented indicated that Federal Environmental Protection Agency standards require that all buses produced in 1988 and later be equipped with electronic controlled emission systems.

Your Committees find that an elevated exhaust system will result in some dilution and lowering of pollutant concentrations for occupants of vehicles. Therefore, your Committees have amended this bill to require the Director of Health to adopt rules to require all diesel buses placed in service after January 1, 1990 to use exhaust systems which route the smoke emissions to levels above the roof of such buses.

Your Committees on Planning, Energy, and Environmental Protection and Transportation are in accord with the intent and purpose of S.B. No. 1194, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1194, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Takamine and Pfeil.
(Representative Crozier did not concur.)

SCRep. 1112-88 Finance on S.B. No. 2726

The purpose of this bill is to:

- (1) Allow the sale and leaseback by a county of a solid waste processing, disposal, and electricity generating facility;
- (2) Allow a solid waste processing and disposal facility to be financed by general obligation bonds;
- (3) Provide for the sale and remarketing of the bonds and the conditions under which they may be sold and remarketed;
- (4) Authorize a county to sell a solid waste processing and disposal facility provided certain conditions are met;

(5) Allow the county to lease or enter into an operating agreement or other agreement with the purchaser, or lessee from the purchaser, of a solid waste processing and disposal facility; and

(6) Exempt the sale of a solid waste processing and disposal and energy generating facility and income generated from its operation from all taxation by the State and regulation by the state public utilities commission.

The passage of this bill will help to ensure the completion of an environmentally safe resource facility that can be financed in the most cost-effective method possible--through the use of private funds.

Your Committee has amended this bill by adding a new section that will provide for the exemption of certain amounts which are received by parties to a sale and leaseback of a solid waste processing, disposal, and electric generating facility.

Your Committee has also 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 S.B. No. 2726, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2726, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1113-88 Finance on S.B. No. 1712

The purpose of this bill, as received by your Committee, 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, and was formulated after discussions with representatives of the visitor industry and other affected taxpayers. The bill clarifies the administration of the tax and the treatment of the exemptions previously enacted. The bill adds further exemptions that were found to be necessary after extensive department and private sector discussion.

Your Committee has amended this bill by adding a provision allowing the Director of Taxation to cancel the ability of a taxpayer to file quarterly or semiannual tax returns where the tax to be paid exceeds the allowed amounts or where the allowance of such returns would jeopardize the proper administration or the law. This provision may be found at section 237D-6(c), Hawaii Revised Statutes (HRS), as amended by the bill. The new section regarding remittances found on page 4 of the bill as received has been deleted as unnecessary. The provision on page 8 of the bill as received added to section 237D-2(a), HRS, has also been deleted.

Your Committee has also amended the effective date so that the bill will take effect upon approval. Your Committee has been assured by the department that it will administer the law in such a manner that the statutory requirement of retroactivity is unnecessary.

Your Committee has also made other amendments for clarity and style which have no particular substantive effect.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1712, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached as S.B. No. 1712, S.D. 3, H.D. 2.

Signed by all members of the Committee.

SCRep. 1114-88 Finance on S.B. No. 3188

The purpose of this bill, as received by your Committee, is to make several "housekeeping" amendments to Chapter 201E, Hawaii Revised Statutes.

Act 337, Session Laws of Hawaii 1987, which created the State Housing Finance and Development Corporation, repealed certain provisions of Chapters 356, 359, and 359G, Hawaii Revised Statutes, and consolidated and recodified those provisions into Chapter 201E, Hawaii Revised Statutes. This bill seeks to correct and clarify certain provisions of Chapter 201E.

Specifically, the word "chapter" in Section 201E-204 is replaced with the word "part". The creation and uses of the Dwelling Unit Revolving Fund, which were previously addressed in Section 359G-10, Hawaii Revised Statutes, are now contained in Section 201E-204. However, the new section still makes reference to the repealed "chapter" (Chapter 359G, Hawaii Revised Statutes), rather than the new "part" (Part III of Chapter 201E).

This bill also revises Section 201E-204 by deleting references to elderly persons. This section addresses the appropriate uses of the Dwelling Unit Revolving Fund, which include but are not limited to the construction of housing projects for the elderly and the related expansion of community services for the elderly. Deletion of references to the elderly will more accurately reflect the current scope of the Housing Finance and Development Corporation's housing development program, and will not exclude housing projects and community facilities for the elderly.

This measure also allows the Housing Finance and Development Corporation to develop economically integrated housing projects without necessarily having to enter into agreements with private developers. This authorization was previously provided under Section 359G-10.5, Hawaii Revised Statutes, prior to being repealed by Act 337.

Your Committee amended section 2 of this bill to replace the \$10 million appropriation with \$1 so that a more accurate amount can be determined at a later date.

Your Committee has also 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 S.B. No. 3188, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3188, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1115-88 Finance on S.B. No. 2272

The purpose of this bill is to provide for adjustments and changes in compensation for promotions, reallocations, repricing or temporary assignments, and voluntary demotions.

Under section 77-10, Hawaii Revised Statutes, comparable rates of compensation for promotion, reallocation, repricing or temporary assignment upwards, and voluntary demotion are not included in the compensation and adjustment rules of the state compensation law when the personnel action involves movement from one bargaining unit to another. This bill includes such actions within section 77-10 and provides for a retroactive effective date to October 1, 1987, for promotions, reallocations, and repricing or temporary assignments upwards.

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 S.B. No. 2272, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2272, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1116-88 Finance on S.B. No. 3090

The purpose of this bill is to merge the current basic needs allowance and shelter allowance for welfare recipients into an assistance allowance, and to increase the overall assistance level. The bill would also amend the calculation of the medical assistance standard to equal the assistance allowance based on family size; and provide that public assistance and child welfare laws are to be broadly and liberally construed to assist individuals and families relieve the stresses of poverty, disability, and deprivation.

Your Committee received testimony in support of this bill from a number of agencies.

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 S.B. No. 3090, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3090, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1117-88 Finance on S.B. No. 3277

The purpose of this bill is to require that tax maps identify historic properties listed in the Hawaii or National Registers of Historic Places, as well as properties which were removed from the Hawaii Register in 1980 for technical reasons. A second purpose of this bill is to establish a mechanism to restore worthy sites to the register.

Your Committee amended this bill after discussions with the Department of Land and Natural Resources because it was believed that the intent and purpose of this bill could not be adequately implemented and a more flexible approach was needed. As such, the following amendments were made:

- 1) On page 1, line 5, "also" has replaced "attempt to";
- 2) On page 2, line 18, the phrase "by registered mail or public notice" has been added; and
- 3) On page 3, line 3, "shall" has replaced "may".

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

Your Committee on Finance, is in accord with the intent and purpose of S.B. No. 3277, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3277, H.D. 3.

Signed by all members of the Committee.

SCRep. 1118-88 Finance on S.B. No. 2744

The purpose of this bill is to provide low-interest housing loans to holders of Kahana Valley State Park residential leases.

Your Committee believes this cultural living park should reflect the rural nature which exists in Kahana Valley.

Your Committee has amended this bill by depositing the appropriated amount of \$1,700,000 into the Housing Finance Revolving Fund, which is administered by the Housing Finance and Development Corporation. This bill was amended further by deleting section 1 of the bill, which stipulated that State grants-in-aid shall not be expended in the relocation or construction of Kahana Valley residences authorized pursuant to Act 5, Session Laws of Hawaii 1987.

Your Committee also has amended this bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2744, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2744, S.D. 2, H.D. 2.

Signed by all members of the Committee

SCRep. 1119-88 Finance on S.B. No. 2783

The purpose of this bill is to allow captive insurance companies to sell credit life insurance and credit disability insurance for their parent organizations.

Your Committee has amended this bill at the recommendation of the Insurance Commissioner. These amendments were done to clarify that both pure captive and association/risk retention captive insurance companies are subject to premium tax, and that captive companies are responsible for premium taxes in lieu of other state or county taxes. The following amendments were made as summarized:

1. Section 1 of the bill was amended by adding language which will provide for a tax of one per cent on gross premiums for association captive insurance companies and risk retention captive insurance companies. A provision was also added to this section which provides that the tax imposed by this section will be in lieu of certain other taxes.

2. Section 2 of the bill was amended by adding provisions imposing a .25 per cent tax on gross premiums for pure captive insurance companies. A provision was also added to this section which provides that the tax imposed by this section will be in lieu of certain other taxes.

At the request of the insurance commissioner, your Committee has inserted the maximum amounts for advisor's fees. The amounts of \$3,500 was inserted for pure captives and \$7,500 for association and risk retention captives.

Your Committee has also 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 S.B. No. 2783, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2783, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1120-88 Finance on S.B. No. 3062

The purpose of this bill, as received by your Committee, is to promote the establishment of a stock exchange in Hawaii by exempting specific revenue items from the general excise tax for a period of one year.

Your Committee believes that it is highly desirable to establish a stock exchange in Hawaii. Hawaii's unique geographical location makes it possible to close a three-hour gap that exists between the mainland and the Japanese market. Such a trading market would result in round-the-clock world trading. In addition, a Honolulu-based stock exchange would also be a financial lure that would attract much needed capital into the State, including capital that would come from the Asian-Pacific financial markets as well as American sources.

Your Committee, based on testimony by the Tax Director, has amended the bill to specify that section 1 of this bill is repealed on June 30, 1989.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3062, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3062, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1121-88 Finance on S.B. No. 1471

The purpose of this bill, as received by your Committee, is to establish a commission to plan and select works of art for a memorial to the veterans of the Korean and Vietnam conflicts as well as to plan a memorial and select a site.

Your Committee agrees that there should be a place in Hawaii to honor the sacrifices of those who served their country in the Vietnam and Korean conflicts. Your Committee further agrees that Hawaii played a significant role in the Vietnam War, including the Pacific Command which played a crucial part in the Vietnam War. The members of the 25th and the 29th infantry, who served in Vietnam were Hawaii's own. In addition, Hawaii was the only state in the union designated as a R&R center. Moreover, the last American soil touched by our troops enroute to Vietnam was Hawaiian soil and those who returned, returned first to Hawaii. Furthermore, many of Hawaii's citizens have experienced the loss of loved ones to the Vietnam conflict.

Your Committee amended this bill by adding on page 1, line 18 "representatives, and three shall be selected from" which may have been unintentionally left out.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1471, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1471, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1122-88 Finance on S.B. No. 2884

The purpose of the bill, as received by your Committee, is to establish a Tourism Training Council to monitor and coordinate government and industry activities and programs that develop the quality of the visitor industry workforce and to encourage opportunities for upgrading and career development for present and future visitor industry employees.

Your Committee amended this bill by making an appropriation in the amount of \$156,000, and changing the effective date of the bill to provide that the appropriation section would take effect July 1, 1988 and describing what the programs may include. Your Committee also 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 S.B. No. 2884, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2884, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1123-88 Finance on S.B. No. 1450

The purpose of this bill is to expand the provision of personal care services based on a sliding fee scale to the non-medicaid eligible population that is not able to afford such services.

Your Committee finds that personal care services fosters independence and self respect to this gap group and allows them to be contributing members of our community. In addition, it has been shown that personal care services to this population is a cost-effective alternative to institutional care.

Your Committee has inserted the sum \$1, so that a more accurate estimate of the costs can be determined at a later date.

Your Committee has also 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 S.B. No. 1450, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1450, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1124-88 Finance on S.B. No. 2882

The purpose of this bill is to appropriate funds for the Legislative Auditor to conduct a feasibility study on Hawaii's waste streams, including the availability of state, national, and foreign markets for recycled materials; other states' recycling programs; and an assessment of the viability of a recycling program in Hawaii.

Your Committee finds that solid waste management and recycling, in addition to having health and economic ramifications for the State, is very much a county and private issue. There are only a few, limited areas in the State where landfills can be safely sited to prevent any adverse impact to the environment and our drinking water supply. Thus, county landfills have become less acceptable, and more difficult to site.

A related problem is the liability that service stations risk when they voluntarily accept used oil from consumers. If a station unknowingly accepts used oil that is mixed with hazardous waste, it could cost the station up to \$10,000 to legally dispose of the contaminated oil. As a result, most service stations are reluctant to accept used oil.

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 S.B. No. 2882, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2882, S.D. 2, H.D. 2.

Signed by all members of the Committee.