

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. 1 on S.B. No. 690

The purpose of this bill is to allow the Department of Transportation to perform emergency roadway work and repair utility lines, when the expenditure is more than \$4,000 but less than \$10,000, without going through the formal state advertisement and bid process. These provisions would take effect on approval, and be repealed on July 1, 1994.

Your Committee amended the bill by replacing the word "road" with "roadway" on page 2, line 1 of the bill, and changing the repeal date to July 1, 1991.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 690, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 690, S.D. 1, H.D. 2, C.D. 1.

Representatives Bybee, Souki, Kotani, Tajiri and Marumoto,
Managers on the part of the House.

Senators Blair, Aki, McMurdo and George,
Managers on the part of the Senate.

Conf. Com. Rep. 2 on H.B. No. 390

The purpose of this bill is to exclude as income or resources any restitution made to Japanese-Americans interned during World War II in determining eligibility for public assistance.

Your Committee decided to amend the definition of heirs that was included in the Senate draft of the bill, to specify those heirs named in the federal Civil Liberties Act as being recipients of payments when an eligible individual is deceased. Your Committee added language to exclude from consideration, restitution payments to eligible surviving spouses, surviving children or surviving parents.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 390, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 390, S.D. 1, C.D. 1.

Representatives Arakaki, Ihara, Kawakami, Kotani, Leong and Liu,
Managers on the part of the House.

Senators McMurdo, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 3 on S.B. No. 107

The purpose of this bill is to replace obsolete military titles in section 134-34, Hawaii Revised Statutes (HRS), relating to national emergencies.

The bill replaces the current military titles with a generic designation: "and the senior United States military commander in the State or in the absence of the commander a duly designated representative". Using the generic title obviates the need for future changes to this statute should the military effectuate organizational or military title changes.

Your Committee has amended the bill to require that the senior United States military commander be headquartered in the State. The purpose of this requirement is to ensure that a more senior officer who is temporarily in the State but headquartered in another jurisdiction would not be allowed to exercise the discretion provided in section 134-34, HRS.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 107, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 107, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Metcalf, Baker, Takamine, Taniguchi and Anderson,
Managers on the part of the House.

Senators Blair, Aki, McMurdo and George,
Managers on the part of the Senate.

Conf. Com. Rep. 4 on H.B. No. 1845

The purpose of this bill is to consolidate major statutory provisions regarding the management and operation of county/state hospitals into one new chapter in the Hawaii Revised Statutes and to create a division of community hospitals within the department of health.

Your Committee upon further consideration has made the following amendments to H.B. No. 1845, S.D. 2:

- (1) Amended Section 1, page 1, of the bill by deleting, lines 15-20; and

- (2) Amended Section 2, page 3, (3), of the bill by deleting lines 16 and 17 and replacing it with "Adopt, amend, and repeal bylaws and rules, governing the conduct of its affairs and the performance of the powers and duties granted to or imposed upon it by law;" and
- (3) Amended Section 2, page 4, (7), line 21, by adding "bylaws" and by adding on page 5 (13), line 14, the word "rules."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1845, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1845, S.D. 2, C.D. 1.

Representatives Shon, Souki, Chang, Ihara, Leong and Liu,
Managers on the part of the House.

Senators Yamasaki, Levin, A. Kobayashi, B. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 5 on H.B. No. 917

The purpose of this bill is to expand the "Operation Nightingale" program beyond a pilot program and to extend the program to fiscal year 1990-1991.

Although there has not been a formal evaluation of the success of "Operation Nightingale", the Department of Health has indicated that the Department is encouraged by the recent result on the number of nurses in the program passing the required examinations of the State board of nursing. Your Committee believes that the apparent success is a result of the close attention and control of the Department of Health in conducting the program. Your Committee further finds that, while the bill provides the Department of Health with flexibility by allowing the Department to contract out for services, the existing program in the manner currently conducted by the Department of Health should be maintained to the extent possible and practicable.

Your Committee, upon further consideration, has made the following amendments to H.B. No. 917, H.D. 2, S.D. 2:

- (1) Amended Section 1, page 4, of the bill by retaining, with some modifications, the provisions of Section 2 of Act 212, Session Laws of Hawaii 1988, that were deleted by the bill as received;
- (2) Amended Section 1, page 4, line 13, of the bill by deleting the word "pilot";
- (3) Amended Section 1, page 4, line 14, of the bill by inserting the phrase "and operate";
- (4) Amended Section 1, page 4, line 14 and line 15, of the bill by deleting the phrase "with the assistance of the University of Hawaii,";
- (5) Amended Section 1, page 4, line 19, line 20, and line 21, of the bill by deleting the phrase "Notwithstanding any law to the contrary, the "Operation Nightingale" program shall continue and be expanded to enable"; and
- (6) Amended Section 1, page 4, line 21, of the bill by deleting the word "to" and inserting the word "shall"; and
- (7) Amended Section 1, page 6, line 11, of the bill by deleting the phrase "at the time this Act takes effect".

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 917, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 917, H.D. 2, S.D. 2, C.D. 1.

Representatives Shon, Leong, Duldulao, Kawakami and Liu,
Managers on the part of the House.

Senators Levin, Blair, A. Kobayashi, B. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 6 on H.B. No. 1685

The purpose of this bill is to allow an aggrieved person to petition an agency for reconsideration of a determination that an environmental impact statement (EIS) is or is not required.

This bill requires that upon publication of the agency determination in the Office of Environmental Quality Control Bulletin, the aggrieved person has twenty days to petition the agency for reconsideration. This bill, as received, also requires the agency to respond to reconsideration requests within twenty days. In addition, judicial proceedings for review of EIS determinations must be initiated within ten days after the public has been notified.

This bill has been amended to require the agency to respond to reconsideration requests within thirty days of the receipt of the petition instead of twenty days. Your Committee finds that ten additional days are necessary to provide agencies enough time to carefully evaluate petitions and supporting evidence before issuing reconsideration determinations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1685, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1685, H.D. 1, S.D. 1, C.D. 1.

Representatives Andrews, D. Ige, Lee, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Ikeda, Hagino, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 7 on H.B. No. 1847

The purpose of this bill is to enhance the ability of the Department of Health to protect the public from HIV infection, AIDS related complex (ARC), and AIDS by amending the conditions under which medical records and information may be gathered by the Department. The bill clarifies that private health practitioners may release medical records of patients with HIV infection to the Department of Health and also clarifies the law on reporting confidential information in order that the State may comply with Federal reporting requirements. The bill also amends the informed consent section of the statutes, Section 325-16, Hawaii Revised Statutes.

Your Committee, upon further consideration, has made the following amendments to H.B. 1847, H.D. 2, S.D. 2:

- 1) In Section 3 of the bill, which amends Section 325-16 (b), Hawaii Revised Statutes, we have reaffirmed the original language of the statute dealing with patients "incapable of giving consent prior to testing"; and
- 2) In the same paragraph, we have added the phrase "and the health care worker" in two places to assure that when an HIV test is performed on a patient, the worker's rights are protected as well as the patient's. Specifically, the language now states that a health care worker, who may have been exposed to the blood or bodily fluids of a possibly infected patient, must be informed in a timely manner when a test on the patient has been performed and must be provided the opportunity to obtain the test results and appropriate counseling.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1847, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1847, H.D. 2, S.D. 2, C.D. 1.

Representatives Shon, M. Ige, Duldulao, Kawakami, Leong, Metcalf and Marumoto,
Managers on the part of the House.

Senators Menor, Levin, Crozier and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 8 on H.B. No. 1198

The purpose of this bill is to ensure the effective control of agricultural pests in this State by authorizing the Department of Agriculture (DOA) to enter private property, with proper notice, for eradication purposes. Under this bill, DOA would establish criteria and procedures for the designation of such pests, including emergency rules in case of an incipient infestation.

Your Committee reviewed certain unclear terminology contained in this bill, and upon further consideration, has amended H.B. No. 1198, H.D. 1, S.D. 1, by:

- (1) Deleting the term "related organisms" on page 2, line 23, and page 3, line 4, and replacing it with "mites";
- (2) Deleting the term "abbreviated notice" on page 3, line 14, and replacing it with "a minimum of forty-eight hours", and deleting the phrase "it finds practicable" on page 3, line 15; and
- (3) Inserting the number 3 to identify Section 141-3 on page 1, lines 7 and 10.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1198, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1198, H.D. 1, S.D. 1, C.D. 1.

Representatives Honda, Andrews, Kanoho, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Ikeda, Aki and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 9 on H.B. No. 692

The purpose of this bill is to authorize the Department of Agriculture to transfer funds among the agricultural products revolving fund, the agriculture loan revolving fund, and the aquaculture loan revolving fund.

Before granting permanent authority to transfer moneys, your Committee finds that it should retain its prerogative to first review the manner in which the moneys are being transferred between the different revolving funds. Accordingly, your Committee has amended this bill by:

- (1) Inserting the sentence, "This authority to transfer moneys shall expire three years after the approval date of this Act", on page 2, line 4; page 3, line 4; and page 4, line 4 of the bill; and
- (2) Making technical, non-substantive changes necessary in order to itemize the proviso language for each revolving fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 692, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 692, S.D. 1, C.D. 1.

Representatives Honda, Fukunaga, Andrews, Isbell, Kanoho and O'Kieffe,
Managers on the part of the House.

Senators Ikeda, Hagino, Matsuura and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 10 on S.B. No. 83

The purpose of this bill is to create an Aloha health corps.

Your Committee on Conference finds that the establishment of an Aloha health corps is consistent with the Aloha Spirit and will benefit not only our Pacific neighbors but Hawaii as well.

Your Committee has amended this bill by:

- (1) Clarifying that the scope of the Aloha health corps activities includes Hawaii as well as other Pacific islands, with conforming amendments throughout the bill;
- (2) Substituting, on page 5, line 13, the phrase "shall have experience in domestic and international health programs" for the phrase "shall have training and experience in foreign relations;"
- (3) Adding, on page 6, line 10, VISTA and "other domestic health efforts" to the list of those with whom the director of the Aloha health corps shall work cooperatively;
- (4) Inserting a new paragraph (6) on page 6, line 18, to read:

"Provide opportunities to incorporate Aloha health corps volunteers and trainees in ongoing health programs to serve the State of Hawaii; opportunities for returning volunteers to continue volunteer service in Hawaii; and opportunities for other volunteer efforts to support Hawaii's public health programs;"
- (5) Modifying the provision governing compensation of Aloha health corps volunteers by deleting the phrase "by stipend or otherwise supported from non-state funds" on page 7, line 16, and by deleting the comma and the word "including" and inserting a period and the phrase "Foreign-bound volunteers also shall be provided with" after the word "training" on page 7, line 19; and
- (6) Making minor language changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 83, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 83, S.D. 1, H.D. 1, C.D. 1.

Representatives Shon, Leong, Ihara, Tam and Cavasso,
Managers on the part of the House.

Senators Levin, B. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 11 on S.B. No. 99

The purpose of this bill is to establish a Hawaii Health Registry that will gather data on morbidity and mortality in Hawaii and to fund several studies on various environmental factors that may be posing health risks to Hawaii's people.

The original purpose of this bill as passed by the Senate was to repeal Section 322-5, Hawaii Revised Statutes, which gives the Department of Health the authority to compel the prison superintendent or the chiefs of police to "cause" prisoners to aid the Department in the removal of nuisances or causes of sickness.

Your Committee has amended this bill by deleting the provisions calling for funding of the health studies and by incorporating the bill's original purpose. As amended, then, this bill authorizes the establishment of the Hawaii Health Registry within the Department of Health and repeals the statutory authority to use prisoners to remove nuisances or causes of sickness.

Your Committee finds that the Hawaii Health Registry will be an invaluable storehouse of information pertaining to causes of illness and death in Hawaii that will be able to provide data necessary for future epidemiological studies and legislation. A good example of how the Hawaii Health Registry will operate is in the area of potential dangers from sugar cane burning.

Preliminary studies have suggested that sugar cane burning produces biogenic silica, which may be linked to lung disease. Also, a 1986 sampling detected the presence of traces of chlorofluorocarbons and pesticides in cane smoke. As a result of these two findings and a growing concern within the scientific community regarding the potential hazards associated with cane burning, a blue ribbon panel headed by a member of the University of Hawaii's School of Public Health has called for funding of a study to assemble comprehensive data on the nature of pollutant emissions from cane burning, how these emissions are transported throughout the environment including estimates of human exposure, and predictions on the likely impact of cane burning on human health. The Hawaii Health Registry would serve both as a source of data for preparation of this study and as a means of dissemination of the study once it is completed.

Your Committee further finds that repealing Section 322-5, which provides the statutory authority to use prisoners to remove nuisances or causes of sickness, is warranted because it is an obsolete section that was enacted in 1869 and has since fallen into disuse. Removal or clean up of hazardous or toxic substances should only be attempted by persons specifically trained in these tasks.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 99, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 99, H.D. 2, C.D. 1.

Representatives Shon, Kawakami, Chang, Ihara, Leong and Cavaso,
Managers on the part of the House.

Senators Yamasaki, Levin, Mizuguchi, McMurdo and George,
Managers on the part of the Senate.

Conf. Com. Rep. 12 on H.B. No. 1822

The purpose of this bill is to transfer the functions, personnel, and property of the Hawaii State Coordinating Council on Deafness (HSCCD) from the Department of Human Services to the Department of Health. In addition, it clarifies Section 374D-4, Hawaii Revised Statutes, which deals with the responsibility of the Council for payment of interpreter services.

Your Committee finds that the transfer to the Department of Health is appropriate because two organizations similar to the HSCCD, which serve the disabled population, are in the Department of Health: the Commission on the Handicapped and the State Planning Council on Developmental Disabilities. The transfer of the HSCCD will strengthen all three programs by consolidating the focus of the needs of all disabled persons through better planning and coordination.

In Section 2 of the bill we have left intact the language of the Senate draft which indicates that the payment of interpreter services "may" include transportation and per diem. This payment would usually cover costs of air transportation for an interpreter if one is unavailable on a particular island. If an interpreter is available, however, reimbursement for their transportation and per diem expenses would usually be unnecessary. However, in certain cases, for example on the Big Island, land transportation costs may be significant. Thus, retaining this flexible language will enable reimbursement to be decided on a case by case basis. In addition, it is your Committee's understanding that detailed rules governing the hiring, selection and payment of volunteers are being developed by HSCCD.

Your Committee has amended this bill by adding the required spending ceiling language as a new Section 4 of the bill. The subsequent sections have been re-numbered.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1822, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1822, H.D. 1, S.D. 1, C.D. 1.

Representatives Shon, Tam, Souki, Arakaki, Leong and Liu,
Managers on the part of the House.

Senators McMurdo, Levin, Matsuura, Mizuguchi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 13 on H.B. No. 1906

The purpose of this bill is to establish a state health insurance program within the Department of Health, funded through legislative appropriations, to ensure basic health insurance coverage for Hawaii residents currently without such coverage.

Your Committee finds that while Hawaii is the only state with a statutorily mandated prepaid healthcare program and has a broad-based Medicaid program, there remains a significant number of individuals who lack any form of health insurance coverage. This bill would establish a means through which these "gap group" individuals would have access to health insurance coverage. Your Committee is convinced that adoption of the State Health Insurance Program will place Hawaii in a leadership position in the nation in addressing the problem of medical indigency.

It is your Committee's intent that the program focus on basic coverage for preventive and primary care. Such care would include, but not be limited to, prenatal care, childhood immunizations, mammograms, pap smears, and primary outpatient care. An additional goal of the program is to provide for optimal coverage for inpatient care, by encouraging providers to compete in developing attractive alternatives.

The Department of Health in its development of financing mechanisms is urged to look at the broad range of possibilities including, but not limited to, fee-for-service payments, capitation, or preferred provider type arrangements.

The Department is expected to hire one or more consultants to assist it in the design and implementation phase of the program. The Committee urges the Department to make every effort to hire consultants with a strong consumer orientation.

Your Committee upon further consideration has made the following amendments to H.B. 1906, H.D. 1, S.D. 2:

- (1) In Section 1 of the bill, Section -6, page 6, entitled, "Reporting, continued funding", we have added language mandating the Department to report to the Legislature "on or about October 1, 1989" on its progress in implementing the act. We have specified four areas which we wish them to include in their report.
- (2) In the same section, we have added a paragraph mandating that the purchase of insurance shall not proceed without the formal approval of the Governor and a review by the Legislature during the 1990 Regular Session. The Legislature is empowered to opt for withholding funding by means of a Concurrent Resolution which would have to be passed within thirty days after completion of the implementation plan or March 1, 1990 whichever occurs last;
- (3) We have added a new Section 2 of the bill which includes the required language on the exceeding of the state general fund expenditure ceiling. The subsequent sections have been re-numbered; and
- (4) In the appropriation section (now Section 3), your Committee has retained the \$4,000,000 for fiscal year 1989-1990 with the proviso that not more than \$1,000,000 be released in that year for planning and designing of the program. Your Committee has added an appropriation of \$10,000,000, or so much thereof as may be necessary, for fiscal year 1990-1991.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1906, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1906, H.D. 1, S.D. 2, C.D. 1.

Representatives Shon, Souki, Arakaki, Baker, Kotani, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Levin, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 14 on H.B. No. 360

The purpose of this bill is to encourage foster children to continue their education beyond secondary school by extending the period during which they are eligible for foster board allowances.

Specifically, to continue to be eligible for foster board allowances beyond the age of majority, this measure requires the foster child to be twenty-three years old or younger and attend an accredited institution of higher education. In addition, the bill also amends Section 346-16, Hawaii Revised Statutes, by adding a definition of "institution of higher education" to include any institution which requires a high school diploma or equivalency certificate for enrollment, or any college, university, vocational, or technical school and further amends the same section by making technical changes to the definition of "foster boarding home" for purposes of clarity.

Your Committee has amended this bill by adding the required spending ceiling language as a new Section 3 of the bill. Subsequent sections have been renumbered.

Your Committee, upon further consideration, has amended this measure by decreasing the period of eligibility to age twenty-one.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 360, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 360, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, Fukunaga, M. Ige, Kawakami and Liu,
Managers on the part of the House.

Senators McMurdo, A Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 15 on H.B. No. 911

The purpose of this bill is to provide for the treatment of incarcerated sex offenders in need of sex abuse education and treatment programs in six community correctional centers.

Your Committee on Conference has met and agreed on new appropriation levels of \$323,000 for fiscal year 1989-1990 and \$311,000 for fiscal year 1990-1991. The appropriations for each center are:

- 1) \$12,500 in FY1989-90, and \$12,500 in FY1990-1991 for Hawaii Community Correctional Center;
- 2) \$45,000 in FY1989-90, and \$36,000 in FY1990-91 for Kulani Community Correctional Center;
- 3) \$12,500 in FY1989-90, and \$12,500 in FY1990-91 for Maui Community Correctional Center;
- 4) \$150,000 in FY1989-90, and \$147,000 in FY1990-91 for Oahu Community Correctional Center;
- 5) \$12,500 in FY1989-90, and \$12,500 in FY1990-91 for Kauai Community Correctional Center;
- 6) \$45,000 in FY1989-90, and \$45,000 in FY1990-91 for Halawa Correctional Facility;
- 7) \$36,000 in FY1989-90, and \$36,000 in FY1990-91 for a Clinical Director; and
- 8) \$9,500 in FY1989-90, and \$9,500 in FY1990-91 for a statewide assessment of the program.

A new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 911, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 911, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, Metcalf, Fukunaga, Amaral, Chang, Leong and Liu,
Managers on the part of the House.

Senators Yamasaki, Mizuguchi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 16 on S.B. No. 1360

The purpose of this bill, as received by your Committee, is to amend Section 201E-221, Hawaii Revised Statutes, relating to restrictions on the transfer of dwelling units purchased from the Housing Finance and Development Corporation. The major proposed changes include: (1) providing for full disclosure of any subsidy provided by the HFDC at the beginning of the sales contract for the sale of the unit by the HFDC, including the amount of subsidy, a description of the cost items which constitute the subsidy, and conditions of the subsidy; (2) limiting the accrual of interest costs on the subsidy to thirty years; and (3) allowing for the payment of the subsidy and the interest accrued before the transfer of the unit. This bill would apply to all purchasers of dwelling units sold pursuant to Act 105, Session Laws of Hawaii, 1970, as amended, and is to take effect retroactive to June 19, 1970.

Your Committee notes that the provisions relating to disclosure of the subsidy has been placed in subsection (d) of Section 201E-221 and therefore, is not subject to the waiver provisions in subsection (b) of that section.

Your Committee has made a nonsubstantive technical amendment to the bill by underscoring the "(3)" on line 1, page 4 of the bill as received (line 6, page 7 of the bill as amended) as it is new material.

Your Committee has further amended this bill to include the provisions of H.B. No. 1861, H.D. 1, which was passed unanimously by the 1989 State Legislature and sent up to the Governor for his approval. H.B. No. 1861, H.D. 1 amends section 201E-62, Hawaii Revised Statutes, to provide that the federal income limits imposed by the Tax Reform Act of 1986 will be used as a basis for setting Hula Mae income limits. The bill also proposes to delete the asset requirements for eligible buyers.

In its review of H.B. No. 1861, H.D. 1, however, the Department of Taxation discovered that the citation referenced in the bill was incorrect, and the Department recommended that the Governor disapprove the measure. S.B. No. 1360, S.D. 1, H.D. 1, C.D. 1 includes all of the provisions of H.B. No. 1861, H.D. 1, except that the incorrect citation has been corrected.

More specifically, H.B. No. 1861, H.D. 1 states in pertinent part: "The income of an eligible borrower shall not exceed the income limit imposed by the Internal Service pursuant to section 103 (a) of the Internal Revenue Code of 1954, as amended." This has been corrected to read: "The family income of an eligible borrower shall not exceed the income requirements of section 143 (f) of the Internal Revenue Code of 1986, as amended."

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1360, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1360, S.D. 1, H.D. 1, C.D. 1.

Representatives Hayes, Amaral, Duldulao, Leong and Cavasso,
Managers on the part of the House.

Senators Crozier, Fernandes Salling and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 17 on S.B. No. 1885

The purpose of this bill is to amend Section 188-29, Hawaii Revised Statutes, by establishing a minimum mesh size allowed for traps made with rigid or stiff material and to repeal Section 188-29(a)(8), thus eliminating a redundancy covered by another section of law, i.e. the length of a bullpen trap.

Presently, the fish net and trap law requires a two-inch minimum mesh size to allow smaller size fish to escape. Nets and traps made of cotton, nylon, linen or other soft and flexible materials can be stretched to meet the minimum mesh requirement. However, plastic lobster traps and plastic coated wire fish traps are rigid and stiff and cannot be stretched without damaging the mesh.

Your Committee has amended the proposed new subsection (b) by making enforcement of the minimum mesh size for rigid material traps effective upon approval for new users, but also providing a phasing out period of five years for owners of existing non-conforming traps if those traps are registered with the Department of Land and Natural Resources by October 1, 1989.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1885, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1885, H.D. 1, C.D. 1.

Representatives Bunda, Apo, Honda, Say and O'Kieffe,
Managers on the part of the House.

Senators Matsuura, Hagino and George,
Managers on the part of the Senate.

Conf. Com. Rep. 18 on H.B. No. 1217

The purpose of this bill is to provide the final matching funds for the design and construction of the Center for Applied Aquaculture.

Your Committee has amended H.B. No. 1217, H.D. 3, S.D. 2, to comply with statutory and constitutional requirements by providing the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1217, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1217, H.D. 3, S.D. 2, C.D. 1.

Representatives Bunda, Fukunaga, Bellinger, Hashimoto, Kanoho, Say and O'Kieffe,
Managers on the part of the House.

Senators Ikeda, Yamasaki, A. Kobayashi, Solomon and George,
Managers on the part of the Senate.

Conf. Com. Rep. 19 on S.B. No. 661

The purpose of this bill is to amend Chapter 348E, Hawaii Revised Statutes, by (1) changing the title of the Commission on the Handicapped to the Commission on Persons with Disabilities, and changing the related terminology within the chapter, to reflect current terminology and federal mandates and (2) clarifying the scope of the Commission's planning activities and its ex officio representation.

Your Committee on Conference finds that this bill makes necessary changes and clarifications in Chapter 348E, Hawaii Revised Statutes.

Your Committee has amended this bill by amending Section 348E-3(3), Hawaii Revised Statutes, on page 4, following line 2, by adding "; to the extent that" and on page 4, line 3, by changing the word "would" to the word "do." Your Committee also has amended this bill by making minor technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 661, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 661, S.D. 1, H.D. 1, C.D. 1.

Representatives Shon, Metcalf, Duldulao, Leong and Cavasso,
Managers on the part of the House.

Senators Levin, Blair and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 20 on H.B. No. 1825

The purpose of this bill is to provide an investment yield rate for actuarial valuations for the fiscal years ending June 30, 1989 and 1990.

Your Committee finds that actuarial valuations are prepared annually to determine the employer contributions required to fund the retirement system. With the exception of the investment yield rate, certain noneconomic and economic assumptions recommended by the system's actuary are utilized by the board of trustees to determine the employer's annual contribution to the retirement system. Since the statutory investment yield rate expired on June 30, 1988, it is necessary to establish an investment yield rate for fiscal years 1989-1990.

Upon further consideration, your Committee has amended the bill by continuing the investment yield of eight per cent for actuarial valuations for the fiscal years ending June 30, 1989 and 1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1825, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1825, S.D. 1, C.D. 1.

Representatives Fukunaga, Kawakami, Kotani, Tajiri and Marumoto,
Managers on the part of the House.

Senators Yamasaki, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo,
Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 21 on H.B. No. 958

The purpose of this bill is to appropriate an unspecified sum to the agricultural loan revolving fund created under Section 155-14, Hawaii Revised Statutes, and to authorize the Department of Agriculture (DOA) to issue a loan of an unspecified amount to qualified farmers on the Hilo-Hamakua coast in the County of Hawaii.

Your Committee's deliberations focused on the need to:

- (1) Clearly specify that the loans are to be made for the emergency condition; and
- (2) Establish a minimum interest rate for class "D" emergency loans under the DOA's agricultural loan program.

Upon further consideration, your Committee has amended H.B. No. 958, H.D. 1, S.D. 1, by:

- (1) Changing the purpose of the Act to reflect the emergency situation;
- (2) Inserting a new Section 2 that amends Section 155-8(c), Hawaii Revised Statutes, by:
 - (a) Establishing 3 per cent as the minimum interest on class "D" loans instead of maintaining 3 per cent as a ceiling. Your Committee has replaced the word "exceed" with the phrase "be less than" so that lines 23-24 of page 2 read: "Interest on class "D" loans shall not be less than three per cent a year"; and
 - (b) Fixing the interest rate on class "F" loans from a variable rate to six per cent a year by replacing the phrase "two per cent less than the rate charged by the appropriate farm credit bank for similar type loans" on line 16 of page 2 with the phrase "six per cent a year". This is consistent with the amendments made in S.B. No. 538, S.D. 2, H.D. 1, C.D. 1;
- (3) Inserting a new Section 3 to comply with constitutional and statutory requirements stating the reasons, amount, and rate by which the appropriation in this bill exceeds the State spending limit;
- (4) Renumbering succeeding Sections for consistency;
- (5) Specifying in the renumbered Section 4, the sum of \$8,500,000 appropriated out of the general revenue of the State of Hawaii in fiscal year 1989-1990 to the agricultural loan revolving fund to be used for purposes of class "D" loans;
- (6) Specifying in the renumbered Section 6, the standard Ramseyer provision regarding bracketing and underscoring for amendment of existing statutes; and
- (7) Making technical, non-substantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 958, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 958, H.D. 1, S.D. 1, C.D. 1.

Representatives Honda, Souki, Bellinger, Say, Tajiri and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, Ikeda, Hagino, Matsuura, Solomon and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 22 on H.B. No. 1902

The purpose of this bill is to clarify and strengthen the Coastal Zone Management (CZM) Act, Chapter 205A, Hawaii Revised Statutes (HRS), by adding new sections and amending existing ones to clarify the roles and responsibilities of the affected agencies participating in the implementation of the Act, the enforcement of shoreline setbacks, specific penalties in development violations, and criteria for granting variance applications.

Your Committee has amended this bill as follows:

- (1) By amending the penalty provision in Section 205A-32, HRS, to clarify the language and by providing that any person who is violating parts II or III of Chapter 205A, HRS, shall be liable for a civil fine not to exceed \$1,000 a day for each day in which the violation exists;
- (2) By further amending Section 205A-32, HRS, by adding a new subsection (c) for better organization of the section;
- (3) By amending the proposed paragraph (6) of Section 205A-44, subsection (b), HRS, to insure that this exemption applies only to publicly owned facilities and not private ones;
- (4) By amending the proposed paragraph (8), Section 205A-46, subsection (a), HRS, by deleting the phrase "that are not clearly in the public interest" and adding "which will neither adversely affect beach processes nor artificially fix the shoreline." The deletion of the phrase eliminates the redundancy with paragraph (7) of this proposed subsection and the new language clarifies which private facilities may be granted a variance due to hardship;
- (5) By adding a new paragraph (9) to Section 205A-46, subsection (a), HRS, to provide that private facilities or improvements that may artificially fix the shoreline will only be granted a variance if hardship to the applicant due to shoreline erosion is likely to occur without the variance and, further, that the authority may impose conditions to prohibit any structure seaward of the existing shoreline unless it is clearly in the public interest;
- (6) By deleting Section 18 of this bill since Chapter 205A, HRS, currently directs the Office of State Planning to perform such activities; and
- (7) By making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1902, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1902, H.D. 1, S.D. 1, C.D. 1.

Representatives Andrews, Hiraki, Isbell, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Matsuura, Holt and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 23 on H.B. No. 711

The purpose of this bill is to amend the statutory provisions relating to exemptions from compulsory school attendance.

Specifically, the bill proposes to do the following:

- (1) Repeal the exemption in cases where a competent tutor is employed or where a child has graduated from a vocational school;
- (2) Authorize the Superintendent of Education or a representative, rather than the Department of Education, to excuse a child who is suitably employed and is at least fifteen years old;
- (3) Allow the Superintendent's representative to approve an alternative educational program;
- (4) Add an exemption to mandatory attendance when the school principal is notified of the intent to provide home education; and
- (5) Require employers of children who are excused in order to work to notify the school within three days upon termination of the child's employment.

Your Committee upon further consideration has amended the bill by substituting the phrase "to home school" for the phrase "to provide home education" on line 21 of page 2 since "home school" has been commonly used to refer to this approach to education.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 711, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 711, S.D. 1, C.D. 1.

Representatives Tam, Metcalf, Bybee, Lee, Tom and Hemmings,
Managers on the part of the House.

Senators B. Kobayashi, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 24 on S.B. No. 1870

The purpose of this bill is to establish school/community-based management of Hawaii's public schools.

School/community-based management would provide for decisions to be made at the school level utilizing input from the persons directly affected, and would allow and encourage school-initiated methods of achieving statewide educational goals established by the Board of Education.

Specifically, the bill would mandate the Department of Education, through the Board of Education and the Superintendent of Education, to formulate policies including criteria and procedures to determine which schools shall participate in the system and proceed to initiate the system. A selection panel would recommend which schools should be selected. The Board would formulate policy and exercise sufficient control to define a common set of educational goals and standards for measuring the efforts of each participating school towards achieving the goals.

To help facilitate this system, state agencies that may be required to act under state law on matters affecting individual schools would be required to waive otherwise applicable policies, rules, or procedures when requested to do so by a participating school unless the state agency can justify denial within thirty days. The Board would adopt procedures necessary to process waivers, and waivers to collective bargaining agreements would be processed and approved as provided in collective bargaining agreements governed by Chapter 89, Hawaii Revised Statutes.

Your Committee finds that Hawaii's centralized school system will eventually undergo some form of reorganization so that we may effect appropriate and substantive improvements in our educational system. School/community-based management will be an essential ingredient of any such reorganization.

After careful consideration, your Committee has amended this bill as follows:

- (1) Deleted "business" from page 1, line 19 and added "and organizations" between the words "members who" on page 1, line 20. The word "organizations" in this context refers to businesses, unions, civic organizations, and anyone else or any other entity which might have or feel a sense of ownership in the school/community-based management system, and is not intended to polarize any segments of the community;
- (2) Added the following to the end of line 4, page 2: "Based on research, experts believe that educational reform efforts will be most effective and long lasting when carried out by people who feel a sense of ownership and responsibility for the process";
- (3) Deleted the language relating to waivers and selection of initial participants provided on page 3, lines 8-17, and inserted the language from the S.D. 1, page 3 line 10 to page 4, line 4 which references waivers by state agencies to rules, policies, and procedures that would otherwise proscribe or limit the schools' ability to achieve excellence. The insertion also provides for the Board of Education to establish a plan and a process for local management for all schools beginning with procedures to select initial participants. Initial participants are to be considered demonstrations of the feasibility of the concept and a step towards restructuring the school system;
- (4) Clarified on page 5, line 15 that a waiver shall be granted to policies, rules, or procedures of other state agencies which affect an individual school and its school community. Your Committee intends that an individual school cannot be considered as separate from the community comprised of individuals, families, organizations, etc., of which it is an integral part;
- (5) Clarified that waivers shall apply to collective bargaining agreements as provided for in all relevant collective bargaining agreements negotiated pursuant to Chapter 89;
- (6) Authorized the Board of Education to adopt rules to implement school/community-based management; and
- (7) Made technical changes which have no substantive effect.

Your Committee on Education concurs with the intent and purpose of S.B. No. 1870, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1870, S.D. 1, H.D. 1, C.D. 1.

Representatives Tam, Apo, Bybee, Honda and O'Kieffe,
Managers on the part of the House.

Senators B. Kobayashi, McCartney, Solomon and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 25 on S.B. No. 1140

The purpose of this bill is to create a Works of Art Revolving Fund and to repeal Section 103-8, Hawaii Revised Statutes.

The bill would require the deposit of one percent of state funded appropriations for capital improvements allotted for the construction cost element; provided that the transfer only applies to appropriations that are designated for the construction or renovation of State buildings.

The bill would also repeal Section 103-8, Hawaii Revised Statutes, to delete inconsistencies posed by the creation of a new section in the law pertaining to art in State buildings.

Upon further consideration, your Committee has amended the bill by creating a Works of Art Special Fund instead of a Works of Art Revolving Fund. Your Committee has amended the bill further by adding a new section that would change the reference to Section 103-8, in Section 9-4, HRS, to appropriately redirect the reference to the newly created section.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1140, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1140, H.D. 2, C.D. 1.

Representatives Taniguchi, Fukunaga, Horita, Lee and Hemmings,
Managers on the part of the House.

Senators Yamasaki, Tungpalan, Fernandes Salling, Hagino and George,
Managers on the part of the Senate.

Conf. Com. Rep. 26 on S.B. No. 496

The purpose of this bill is to amend the Residential Landlord-Tenant Code, Chapter 521, Hawaii Revised Statutes, to (1) provide greater flexibility in the return of security deposits by a landlord to a vacating tenant upon termination of a rental agreement, and (2) provide greater flexibility for a tenant who must vacate premises when a month-to-month tenancy rental contract is terminated by the tenant's landlord.

Section 521-44(c), Hawaii Revised Statutes, mandates that security deposits be returned by certified mail, return receipt requested, and be postmarked before midnight of the fourteenth day after the date of the termination of the rental agreement. This bill deletes the requirement that the security deposit be sent by certified mail, return receipt requested, and instead establishes "acceptable proof of mailing," or "an acknowledgement by the tenant of receipt," within the fourteen-day limit as presumptive proof of compliance with Section 521-44(c).

Section 521-71(a), Hawaii Revised Statutes, currently mandates that a landlord or tenant must give a written notice of at least twenty-eight days before termination of a month-to-month tenancy rental contract. Your Committee finds, however, that there is no consistent understanding about rent payment obligations when a twenty-eight day notice of termination is given by either the landlord or the tenant. This lack of specificity often results in misunderstandings between the landlords and the tenants.

This bill amends Section 521-71(a) to permit the tenant to vacate the unit at any time prior to the termination date when notice is given by the landlord, by paying prorated rent for the days the tenant occupies the unit. This allows a tenant greater flexibility in finding a new dwelling unit. When the tenant gives the termination notice, the tenant would be responsible for full payment through the twenty-eighth day.

Your Committee has made one non-substantive change to this bill for the purpose of clarity. The phrase "if there is an acknowledged receipt by the tenant within the fourteen-day limit" has been replaced by the phrase "if there is an acknowledgement by the tenant of receipt within the fourteen-day limit" in SECTION 1 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 496, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 496, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Oshiro, Yoshimura and Anderson,
Managers on the part of the House.

Senators Blair, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 27 on S.B. No. 1818

The purpose of this bill is to clarify that the maximum recovery for damages under the contractors recovery fund for a single contract is \$12,500, regardless of the number of persons injured.

The bill also clarifies the definition of "person injured" by including owners or lessees of real property who contract with a duly licensed contractor for the construction of their own private residences on their real property, and deletes an obsolete provision relating to license renewal fees.

Your Committee has amended this bill by clarifying on page 2, line 1, that "person injured" also means "injured person" for the purposes of Chapter 444, Hawaii Revised Statutes. Your Committee has also made a technical change which has no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1818, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1818, H.D.1, C.D. 1.

Representatives Hirono, Cachola, Hiraki, Yoshimura and Anderson,

Managers on the part of the House.

Senators Blair, Matsuura, Tungpalan and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 28 on S.B. No. 1823

The purpose of this bill is to amend the laws relating to regulation of travel agencies (Chapter 468K, Hawaii Revised Statutes).

Specifically, this bill does the following:

- (1) Allows the Director of Commerce and Consumer Affairs to fine, suspend, or revoke a license for any cause prescribed by Chapter 468K, or for violation of rules adopted thereunder, and to refuse to grant a license for any cause which would be grounds for revocation or suspension of a license;
- (2) Allows recovery from the Travel Agency Recovery Fund by order of a court of competent jurisdiction in the state;
- (3) Clarifies provisions relating to the trustees' subrogation to the rights of judgment creditors to whom the trustees have paid a sum from the Travel Agency Recovery Fund;
- (4) Establishes additional grounds for disciplinary action including misrepresentation of a material fact in an application for issuance or renewal of a license and failure to satisfy a judgment arising from services or materials rendered in the conduct of business as a travel agency or sales representative; and
- (5) Allows the Director to refuse to issue a license, or to revoke or suspend the use of an existing license of any person who has been an officer, director, or partner of a corporation or partnership whose travel agency business license is revoked or suspended, if the person participated in the acts or omissions which caused the revocation or suspension of the corporation's or partnership's license.

Your Committee finds that these provisions are necessary to protect the consuming public through more effective regulation of travel agencies.

Your Committee has amended this bill by deleting Section 1 and by making several nonsubstantive technical and language changes, including reformatting of Sections 468K-1.5 and 468K-5(e), for the purposes of clarity, style, and conformance with recommended drafting technique.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1823, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1823, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Amaral, Hiraki, Shon and Cavasso,
Managers on the part of the House.

Senators Blair, Chang, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 29 on S.B. No. 967

The purpose of this bill is to amend certain provisions of Chapter 467, Hawaii Revised Statutes, relating to the granting, suspension, and revocation of licenses issued to real estate brokers and salespersons.

Specifically, this bill: 1) provides that when the real estate recovery fund is used to settle a claim or satisfy a judgment against a licensed real estate broker or salesperson and the license is terminated, the person shall not be eligible to receive a new license for two years from the effective date of the termination; 2) clarifies the requirements for application to take the real estate broker licensing examination; 3) makes it unlawful for any person to file a false statement or document with the real estate commission's designated testing agency; and 4) replaces certain gender specific terminology with gender neutral language.

Your Committee amended this bill by inserting language allowing the real estate commission to suspend or revoke a license when the licensee obtains or causes to be obtained, directly or indirectly, any licensing examination or licensing examination question for the purpose of disseminating the information to future takers of the examination for the benefit or gain of the licensee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 967, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 967, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Metcalf, Amaral, Hagino, Hiraki and Anderson,
Managers on the part of the House.

Senators Blair, McCartney, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 30 on S.B. No. 1433

The purpose of this bill is to ensure that alternative and experienced providers are considered when providing a cost-effective relay system which allows deaf and hearing-impaired persons to fully utilize telephone service.

Section 269-16.6, Hawaii Revised Statutes, requires the Public Utilities Commission (PUC) to implement a program to achieve twenty-four-hour operator-assisted telephone relay services for the deaf and hearing-impaired not later than July 1, 1989. The PUC has been directed to require every utility currently providing local telephone service to file a schedule of rates and charges reflecting the provision of such relay services.

This bill:

- (1) Authorizes the PUC to investigate the availability of experienced providers of relay services for the deaf and hearing-impaired;
- (2) Authorizes the PUC to award contracts to the best qualified providers for relay services provided after July 1, 1992, taking into consideration cost, quality, experience, and other factors;
- (3) Requires every telephone public utility to contract with this provider under terms approved by the PUC, if the PUC determines that the relay service can be provided in a cost-effective manner; and
- (4) Requires relay services to be provided from July 1, 1989 to June 30, 1992, by every telephone public utility providing local service; provided that the PUC and the providers can agree on terms and conditions.

Your Committee finds that a technologically advanced and cost-effective dual party relay service for the hearing- and speech-impaired, as a matter of equal access, is of major importance to the State of Hawaii.

Your Committee recognizes that it is in the interest of the community to have consumer advisory input to oversee the effectiveness of the TDD relay service and to ensure that the needs of the TDD users are adequately addressed by the service provider. Your Committee also believes that this oversight function is consistent with the role of the state coordinating council on deafness and recommends that the council establish a subcommittee for this purpose and to assess and monitor quality of service issues such as:

- (1) Response time;
- (2) Availability of adequate operators;
- (3) Hours of service; and
- (4) Public awareness of the TDD service.

Furthermore, your Committee urges the council to include in this subcommittee persons with hearing or speech impairments and interested persons from the community-at-large as well as the TDD service provider to ensure maximum communication among all parties.

Your Committee finds the PUC should proceed with its investigation to meet the July 1, 1989 implementation deadline.

Your Committee has amended this bill by authorizing the PUC to require all providers of relay services to maintain a separate accounting for the costs of relay services.

Your Committee intends that if the PUC solicits bids for relay services, it will require bidders to divulge the costs used to develop the bid price, and that the commission will keep these cost estimates confidential and use them to determine that all costs to provide the service are included and reasonable.

Your Committee has also made technical, nonsubstantive changes for stylistic purposes only.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1433, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1433, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Shon, Oshiro and Cavasso,
Managers on the part of the House.

Senators Matsuura, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 31 on S.B. No. 59

The purpose of this bill is to strengthen and clarify the provisions against discrimination in Chapter 515, Hawaii Revised Statutes, and to bring existing State law into conformance with recently enacted federal legislation.

Upon further consideration, your Committee has amended the bill by deleting Sections 2, 3, and 7 of the bill, and by amending Section 4 by deleting references to older persons in the section. Your Committee amended the bill further by

amending Sections 5 and 6 thereby reinstating current statutory language referring to people possessing a physical handicap.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 59, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 59, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Shon, Hagino and Anderson,
Managers on the part of the House.

Senators Blair, Ikeda, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 32 on S.B. No. 625

The purpose of this bill is to allow the Department of Agriculture to insure or participate in all classes of loans made under Chapter 155, Hawaii Revised Statutes (HRS).

Presently, Sections 155-5 and 155-6, HRS, which authorize the Department of Agriculture to insure or participate in agricultural loans only apply to qualified farmers. This bill will include new farmer program borrowers under the provisions of participating or insured loans.

Your Committee has amended the bill by amending Section 155-9 to clarify that qualified farmers refers to qualified "new" farmers. This amendment restores the bill, in part, to its original form.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 625, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 625, H.D. 1, C.D. 1.

Representatives Honda, Bellinger, Isbell, Say and Hemmings,
Managers on the part of the House.

Senators Ikeda, Aki and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 33 on S.B. No. 1128

The purpose of this bill is to broaden the authority of the counties to regulate ohana zoning.

Currently, Section 46-4(c), Hawaii Revised Statutes, requires the counties to adopt reasonable standards to allow the construction of two single-family dwelling units on any lot where a residential dwelling unit is permitted, provided that county requirements are met and public facilities are adequate to service the additional units.

This bill would allow, rather than require the counties to adopt ohana zoning and would give the counties the authority to determine whether ohana units would have a negative impact on the neighborhood where they are proposed. The bill would also require applicants to submit a notarized statement stating that no recorded covenant or deed restriction prohibits the construction of a second dwelling on their property.

Upon consideration, your Committee deleted the entire substance of Section 46-4(c), HRS, except for the provision on page 1, lines 3-5, which allows each county to adopt reasonable standards for ohana zoning.

Your Committee finds that the bill, as amended, will give the counties the necessary discretion to decide whether or not ohana zoning will be permitted.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1128, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1128, H.D. 1, C.D. 1.

Representatives Hayes, Amaral, M. Ige, Ihara and Cavasso,
Managers on the part of the House.

Senators Crozier, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 34 on H.B. No. 977

The purpose of this bill is to add a new section to chapter 237, Hawaii Revised Statutes, to provide that the amounts received by hotel operators from the hotel owner as reimbursement of sums paid by the operator for employee wages, payroll taxes, insurance, premiums and benefits are not taxable under that chapter. The bill also eliminates the annual renewal and payment of fees for general excise tax licenses and provides for a one-time \$50 licensing fee for all new and current licensees.

Your Committee has amended this bill by deleting all sections relating to the renewal and payment of fees for general excise tax licenses and to the one-time licensing fee payment for all new and current licenses, and by amending the effective date to remove all references to these sections. Your Committee finds that H.B. No. 876, which eliminated the

annual renewal and payment of fees for general excise tax licenses and provided for a one-time licensing fee for all new and current licenses, has already passed the Legislature and been sent to the Governor.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 977, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 977, H.D. 2, S.D. 1, C.D. 1.

Representatives Cachola, Souki, Bybee, Hirayama, Horita and Marumoto,
Managers on the part of the House.

Senators Holt, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 35 on S.B. No. 1622

The purpose of this bill is to require the Department of Education to establish a school inspection program to ensure a high level of sanitation, safety, maintenance, upkeep, and care of the general physical appearance of the public schools consistent with public health and safety standards.

Specifically, the program shall include the utilization of checklists which reflect basic standards, the involvement of students, teachers, and parents, and regularly scheduled announced inspections and unannounced inspections of restrooms, cafeterias, locker rooms, and classrooms.

Your Committee amended this bill by:

- 1) Deleting the words "teachers, and" from page 2, line 8 and inserting the words "and staff" to include the involvement of teachers and other school personnel in this program;
- 2) Making technical, nonsubstantive amendments by deleting the words "as well as" on page 2, line 9 and inserting the word "and"; and deleting the comma after the word "inspections" on page 2, line 10;
- 3) Deleting "on the school campus" and including "school grounds" and "other facilities" on page 2, lines 10 and 11 to clarify and expand the list of campus facilities subject to inspections; and
- 4) Changing the effective date of this measure from "July 1, 1989" to "upon its approval."

Your Committee is concerned about the costs associated with the mandated activities proposed by this bill. Accordingly, the Superintendent of Education is requested to determine and inform the legislature as to the resources needed to implement the school inspection program and the status of the program. In addition, the Superintendent shall implement the school inspection program to the extent feasible under available resources.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1622, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1622, S.D. 1, H.D. 1, C.D. 1.

Representatives Tam, Shon, Apo, Lee, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators B. Kobayashi, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 36 on H.B. No. 1299

The purpose of this bill is to appropriate funds to support and promote: (1) the Hawaii International Film Festival; (2) the film industry of Hawaii; (3) local motion picture and video productions; and (4) financial incentives to major film production companies to produce films in the State.

However, your Committee is informed that funding levels to meet the purposes of items (1) and (2) mentioned above have been included in the budget. Your Committee was also informed that the third item relating to local motion picture and video productions have been partially funded in the budget, and it is the intent of your Committee to provide complete funding for this endeavor.

Relatedly, the bill has been amended by:

- (1) Deleting all reference to the Hawaii International Film Festival.
- (2) Deleting appropriations for the promotion of the film industry in Hawaii.
- (3) Deleting appropriations for financial incentives to major film production companies seeking to produce films in the State by defraying their expenses.
- (4) Appropriating a supplementary \$125,000 for FY 1989-1990 for the production of a series of 30-minute educational and informational video productions which promote Hawaii's international role.

- (5) Inserting a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceed the state spending limit to comply with constitutional and statutory requirements.
- (6) Other technical nonsubstantive amendments have also been made to the bill for purposes of style and clarity.

This bill expresses your Committee's intent to support our local film and video industries, as well as to support the expansion of our State's international role.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1299, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1299, S.D. 2, C.D. 1.

Representatives Tom, Say, Ihara, Isbell, Kotani and Marumoto,
Managers on the part of the House.

Senators Chang, A. Kobayashi, Levin, Matsuura and George,
Managers on the part of the Senate.

Conf. Com. Rep. 37 on S.B. No. 1948

The purpose of this bill is to extend Chapter 464, Hawaii Revised Statutes, which regulates professional engineers, architects, surveyors, and landscape architects, to December 21, 1995.

Chapter 464 is currently scheduled to be repealed on December 31, 1989.

The bill also requires licensing of these professionals, rather than registration; clarifies terminology; enlarges the Board of Registration of Professional Engineers, Architects, Surveyors and Landscape Architects from fourteen to fifteen members and requires five years of experience to be a board member; requires that practitioners possess a history of honesty, truthfulness, financial integrity, and fair dealing; and allows persons penalized under Section 464-10 to appeal the Board's decision to the circuit court.

Your Committee finds that continued regulation of professional engineers, architects, surveyors, and landscape architects would be in the public interest.

Your Committee has amended this bill as follows:

- (1) Provided that the Board shall have fourteen members, with at least four professional engineers, three professional architects, two professional surveyors, two professional landscape architects, and three public members, and provided for protection of the incumbency of members who are actually serving as of the effective date of this measure;
- (2) Deleted the word "license" on page 28, line 3 and reinserted the word "certificate" as provided in the current text of Section 464-11;
- (3) Added a requirement that the Board of Professional Engineers, Architects, Surveyors and Landscape Architects report to the 1990 Legislature on optional requirements for professional experience, both in addition to and in lieu of relevant academic education, for qualification to take required examinations;
- (4) Required the Board and the Department of Commerce and Consumer Affairs to report to the 1990 Legislature on the idea of assigning responsibility for the professions to two boards, one governing engineers and land surveyors and the other governing architects and landscape architects; and
- (5) Made technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1948, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1948, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Hagino, Takamine and Anderson,
Managers on the part of the House.

Senators Blair, McCartney, Tungpalan and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 38 on S.B. No. 864

The purpose of this bill is to amend Chapter 486N, Hawaii Revised Statutes, pertaining to health clubs, to provide greater protection to buyers of health club contracts from prepayment losses.

This bill establishes a new section within Chapter 486N that requires any health club contract to be paid in installments. No more than twenty percent of the contract price may be made payable initially and the balance must be paid in equal monthly installments over the term of the contract.

This bill also amends Section 486N-8, Hawaii Revised Statutes, to prohibit the unexpired, aggregate term of any health club contract and any extensions or renewals thereof from exceeding thirty-six months and to prohibit all automatic renewal clauses.

Finally, this bill amends Section 486N-10, Hawaii Revised Statutes, by deleting subsection (e), which currently allows a health club to maintain a fidelity bond for the benefit of injured buyers rather than depositing into escrow the funds received from the sale of membership contracts before the health club becomes fully operational.

Your Committee finds that this bill affords an appropriate amount of protection for the consumer while posing minimal hardship to the health club operator. Your Committee wishes to emphasize that nothing in this bill shall be construed as interfering or otherwise limiting a health club's right to enforce an acceleration clause in a contract upon a consumer's default.

Your Committee has amended this bill to specify that only health club contracts for terms in excess of one year must be paid in installments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 864, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 864, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Amaral, Hiraki, Yoshimura and Cavasso,
Managers on the part of the House.

Senators Blair, Matsuura, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 39 on S.B. No. 269

The purpose of this bill is to make it a deceptive trade practice to add any additional charge of more than 4.167 percent to the list or posted price of goods or services, or more than 5.256 percent as a transient accommodations tax, pursuant to a representation that the charge constitutes the collection of a state tax.

Your Committee finds that it is appropriate to require that the rate of tax added at the point of sale accurately reflect the rate of tax provided by statute.

Your Committee has amended this bill by rewording the new paragraph proposed for addition to Section 481A-3(a) as follows:

"(8) Represents that the amount of tax due pursuant to chapter 237 or 237D is in excess of the amount of tax payable by the person; provided that in representing the amount of tax, the percentage by which the amount of the tax is calculated may be rounded up to the nearest one thousandth of one per cent; provided further that the amount of the tax shall be rounded to the nearest cent."

This language has been agreed upon by the Tax Department, the Department of Commerce and Consumer Affairs, the Department of Business and Economic Development, and the Tax Foundation, and clarifies the intent of your Committee that any amount added by a retailer to the purchase price of a product or service, and represented on the sales receipt or otherwise as being state general excise tax, be a true representation of the rate of tax provided by law.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 269, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 269, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Cachola, Hiraki and Anderson,
Managers on the part of the House.

Senators Blair, Ikeda and Tungpalan,
Managers on the part of the Senate.

Conf. Com. Rep. 40 on H.B. No. 1549

The purpose of H.B. 1549, H.D. 1, S.D. 2 is to amend Section 206X-5 of the Hawaii Revised Statutes to clarify and broaden the discretion of the Waikiki convention center authority in approving a convention center development plan. Presently, Section 206X-5 limits the authority's consideration to a hotel/condominium mix of either (i) no hotel unit and not more than 1,200 condominium units, or (ii) 800 hotel units and 950 condominium units. Your Committee on Conference has received testimony from the authority and information regarding the convention center projects in Singapore, Taipei and Hong Kong. Based upon this information and the testimony from the authority, we believe that limiting the Waikiki convention center project only to the two hotel/condominium combinations is too restrictive and may hurt the chances for developing and operating a successful convention center facility in Waikiki.

Your Committee has heard testimony from the authority requesting an amendment to Section 206X-5 to allow the authority the flexibility to consider a convention center development plan that will have a greater emphasis on hotel units rather than condominium units. The authority, based on its study and investigation of modern convention center projects in Asia, have found that the modern trend for convention center projects is to locate hotel units within the convention center complex. This will make the convention center facility more operationally efficient and more attractive to the conventioners that would be utilizing the facility. For example, on average the convention center complexes in Singapore, Hong Kong and Taipei have more than 2,000 hotel units within their convention center complexes.

Furthermore, by decreasing the number of condominium units and increasing the number of hotel units, we believe that the project will increase its employment potential. Your Committee has received testimony that the present Land Use Ordinances of the City and County of Honolulu require less parking for hotels than for condominium units--the present LUO requires one parking stall for each condominium unit in the Waikiki area while the parking requirement for hotels is one parking stall for every four hotel units. Thus, this is an additional reason for this Committee's action to amend the present law to give the authority the flexibility to negotiate with the private developer a convention center development plan that will have a greater emphasis on hotel units rather than condominium units.

Thus, your Committee has amended this bill to allow for four different alternative mixes of hotel and condominium units for the Waikiki convention center project. The four alternatives are as follows: (i) not more than 2,500 but not less than 2,000 hotel units with not more than 550 but not less than 450 condominium units; (ii) not less than 2,800 hotel units and no condominium unit; (iii) not more than 1,200 condominium units and no hotel unit; and (iv) not more than 1,200 but not less than 800 hotel units with not more than 950 and not less than 800 condominium units. With respect to the minimum number of hotel and condominium units for each of the four alternatives, your Committee has provided for the lowering of the minimum numbers of such hotel/condominium units upon the mutual agreement between the authority and the private developer.

This bill, as amended, does not change the height limitation of 400 feet on the buildings in the project, nor does it change the limitation on the aggregate leasable floor area of 450,000 square feet for the commercial, retail and office space in the project, as clarified by the testimony presented to your Committee, nor does it change the limitation on the aggregate floor area of 2,000,000 square feet for the hotel and condominium units in the project.

Your Committee has further amended subsection 206X-5(b)(2) of the Hawaii Revised Statutes to clarify that the condominium and hotel dwelling units referred to in said subsection are further described in subsection 206X-5(b)(3).

Your Committee has also received testimony in favor of the proposed amendment from the Hawaii Hotel Association.

Your Committee has further amended this bill to permit public officers or employees of the State to be members of the Waikiki convention center authority. Your Committee has received testimony from the Waikiki convention center authority on this issue and we believe that it would be in the best interest of the project to allow the possibility of having public officers or employees as members of the authority.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1549, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1549, H.D. 1, S.D. 2, C.D. 1.

Representatives Cachola, Souki, Hirayama, Okamura, Say and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Holt and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 41 on H.B. No. 1544

The purpose of this bill is to appropriate funds to transport the Lady Timarau, or a replica, to the Hawaii Maritime Museum. Your Committees finds that recognizing activities which demonstrate the spirit of modern-day maritime pioneers is in the best interest of the State.

To comply with constitutional and statutory requirements, your Committee has amended this bill by adding a new Section 3 stating the amount and rate by which the appropriations contained in this bill exceed the state expenditure ceiling and the reasons for exceeding the ceiling. Subsequent sections of the bill have been renumbered accordingly.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1544, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1544, S.D. 2, C.D. 1.

Representatives Cachola, Souki, Bybee, Duldulao, Hirayama, Yoshimura and Anderson,
Managers on the part of the House.

Senators Tungpalan, Fernandes Salling, Hagino, McMurdo and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 42 on H.B. No. 81

The purpose of this bill is to appropriate \$135,000 for fiscal year 1989-1990 and \$98,600 for fiscal year 1990-1991 to establish an international tourism consulting center and clearinghouse within the office of state planning. The center's responsibilities would include providing assistance and promotion of Hawaii business' professional skills and expertise in tourism and coordinating the resources of Hawaii's educational institutions in providing tourism-related research and training services in the Pacific and Asian region.

Your Committee has amended Section 1, page 2, and Section 3, page 3 to place the center in the Department of Business and Economic Development. Your Committee feels that the Department of Business and Economic Development is better equipped to administer the operations of the center than is the Office of State Planning. A new section stating

the reasons why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has also been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 81, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 81, H.D. 1, S.D. 1, C.D. 1.

Representatives Cachola, Souki, Tom, Baker, Hirayama, Kotani and Marumoto,
Managers on the part of the House.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George,
Managers on the part of the Senate.

Conf. Com. Rep. 43 on H.B. No. 79

The purpose of this bill is to appropriate funds to conduct a study of the impact of an increasing visitor and resident population on the carrying capacity of the State's infrastructure to the year 2011.

Your Committee finds that the State's resources will be subject to great strain as the resident and visitor populations continue to increase and compete for limited resources. The State's environment, utilities, land, zoning, and other systems may be endangered if the State's growth patterns are not properly examined.

Your Committee agrees that it is necessary to take immediate action to determine if the State's carrying capacity can absorb projected growth.

However, your Committee finds that a study of carrying capacity is a major undertaking and should be developed in a phased manner, and the methodology tested in a specific growth area before the study is undertaken on a statewide basis. Therefore, your Committee has amended this bill by limiting the study to the development of methodology and the conduct of a limited study in a specific area, such as the Kapolei/West Beach area, in order to begin to look at infrastructure needs and test the methodology.

Your Committee has amended the bill to appropriate \$75,000, in fiscal year 1989-90. The sum appropriated shall be expended by the Office of State Planning. Additionally, a new section was added stating the reasons why the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 79, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 79, H.D. 1, S.D. 1, C.D. 1.

Representatives Cachola, Horita, Baker, Kotani and Anderson,
Managers on the part of the House.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George,
Managers on the part of the Senate.

Conf. Com. Rep. 44 on S.B. No. 1565

The purpose of this bill is to create a unit within the adult probation division of the circuit court for the supervision, monitoring, assessment, and treatment of intra-family sex offenders so that these services will be available as an alternative sentence or as a condition of sentencing where appropriate.

Your Committee finds that intra-family sexual assault against children is a crime that has a traumatic and devastating effect on the family and that, in certain cases, treatment and counseling for the offender may be an appropriate alternative sentence or condition of sentencing to help rehabilitate the offender and maintain the family unit.

Your Committee upon further consideration has made the following amendments to S.B. No. 1565, S.D. 2, H.D. 2:

- (1) Changed, in Section 2 at page one, line 18, the dollar amount from \$2 to \$200,000 and the per cent figure from 0.00 to 0.0085; and
- (2) Changed the appropriation amount from \$2 to \$200,000.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1565, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1565, S.D. 2, H.D. 2, C.D. 1.

Representatives Metcalf, Leong, Andrews, Bellinger, M. Ige and Anderson,
Managers on the part of the House.

Senators Menor, Yamasaki, Blair, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 45 on H.B. No. 1824

The purpose of this bill is to compensate certain persons or their providers of services pursuant to chapter 351, Hawaii Revised Statutes.

Your Committee has amended the measure to change the effective date of this appropriation bill to July 1, 1989. Moreover, your Committee has added a provision relative to the exceeding of the state general fund expenditure ceiling.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1824, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1824, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Fukunaga, Amaral, Andrews, M. Ige and Anderson,
Managers on the part of the House.

Senators McMurdo, Aki and George,
Managers on the part of the Senate.

Conf. Com. Rep. 46 on H.B. No. 9

The purpose of this bill is to establish a Hawaii industrial development corporation with a venture capital revolving fund and a Hawaii technology finance corporation with a seed capital assistance program to further encourage economic development and diversification in Hawaii. These corporations would assist with the organization, capital formation, management, growth, development, and disposition of small and start-up businesses involved in innovation and high technology, with emphasis on the computer software and film industries. It appropriates \$10 million to the venture capital revolving fund, \$300,000 to staff and operate the Hawaii industrial development corporation, \$1 to the seed capital assistance program, and \$1 to staff and operate the Hawaii technology finance corporation.

Your Committee finds that both Houses are committed to supporting the growth of small innovative businesses in Hawaii, especially those "high-tech" firms on whose performance much of our economic future rests.

Each house has developed proposals for supporting these kinds of businesses, each of which is superior in specific areas. Your Committee has taken the best elements of each proposal and designed a comprehensive bill that provides financial assistance for businesses at every stage of business development.

Your Committee has made a number of technical amendments to the bill. Among the more significant changes are the following:

- (1) Amended the title of the chapter to "Hawaii Strategic Development Corporation" and amended the definition of "corporation" to reflect this change;
- (3) Deleted the Corporation's power to coordinate enterprise zone activity;
- (3) Deleted references to the Corporation providing direct managerial assistance to businesses and inserted language limiting the liability of the Corporation to the amounts it has invested in individual businesses;
- (4) Streamlined the Corporation's guidelines for evaluating potential financial transactions;
- (5) Limited the total investment in any one enterprise to \$5 million, limited the total direct investment in any one enterprise to an amount that will not provide effective voting control, and limited the total amount of direct investment by the Corporation to five percent of the assets of the Corporation except upon a two-thirds vote by the Board;
- (6) Deleted Section 3, the "Hawaii Technology Finance Corporation; and
- (7) Added several new parts to establish program areas within the Corporation.

A new section stating the reasons why and the amount and the rate by which the appropriations contained in this bill exceed the state spending limit has also been added to comply with constitutional and statutory requirements.

The Hawaii Strategic Development Corporation is a quasi-public corporation which will be managed by a 9 member board of directors and operated by a president and a staff. The Fund will develop procedures to evaluate businesses and industries and to set priorities for the types of businesses and industries that are most likely to provide significant opportunities for economic development and diversification in Hawaii.

The Fund shall establish and operate:

- (1) A Program for Research and Development funded by a Research Program Account;
- (2) A Program for Seed Capital Assistance funded by a Seed Capital Assistance Account;
- (3) A Program for Venture Capital Assistance funded by a Venture Capital Assistance Account;
- (4) A Program for Product Development funded by a Product Development Program Account;

- (5) A Program for Capital Access funded by a Capital Access Program Account;
- (6) A Program for Financial Services Industry funded by a Financial Services Industry Program Account.

The board shall develop programs in each of these areas to support economic development and diversification in Hawaii.

This bill represents an integrated economic development organization and is modelled after the Michigan Strategic Fund, which in turn was modelled after economic development initiatives in Massachusetts, California, and Pennsylvania, among other states. Incorporating what was learned in these earlier programs, the Michigan Strategic Fund is a "second generation" economic development program, and has been called the most sophisticated state public investment program in the United States. The principle underlying the program is that government working in partnership with private enterprise can improve the environment for economic development to a greater degree than government programs working alone.

Typical government economic development programs have invested public funds to support individual businesses, either directly through low-interest loans or indirectly through preferential tax treatment. This results in government agencies becoming bankers of last resort, investing public funds in businesses which could not qualify for loans from regular financial institutions. Since public funds are limited, the impact of such programs is usually also limited, and since government agencies are investing in companies spurned by professional investors, it is not surprising that such loans are often never repaid. The Hawaii Strategic Development Corporation represents a new approach, in which government investment goes wholesale rather than retail.

The Corporation uses the small amount of public money to leverage a much larger amount of private money to support selected economic development projects. By putting up money to attract private investment funds to the State, the Corporation will also attract the valuable experience of private investment fund managers in supporting business development. This indirect investment method, in which the Corporation invests money in private seed and venture capital funds, represents a powerful new method of promoting business development.

The Corporation also has the flexibility to provide financial assistance to individual enterprises, either through direct investments in individual enterprises, loans, or grants. The financial assistance process outlined in the bill is the type of process the federal Small Business Innovation Research Program (SBIR) uses. This has proven an effective system, and provides several opportunities for the Corporation to take advantage of the federal program. For example, the Corporation could provide grants to companies which were approved but not funded by the SBIR program. The Corporation could also establish a grant review process similar to the SBIR process which would allow companies to use similar applications for both the State and federal programs.

While your Committee is impressed by the success of the programs initiated by the Michigan Strategic Fund, and intends that the Hawaii Strategic Development Corporation Board should examine them closely, your Committee recognizes that Hawaii's economy is significantly different from Michigan's economy and that some of the Michigan programs may need to be altered to suit local conditions. Nevertheless, an account of how the Michigan programs work will illustrate the kind of activities the Hawaii Strategic Development Corporation will pursue.

PROGRAM FOR RESEARCH AND DEVELOPMENT

The Program for Research and Development in the Hawaii Strategic Development Corporation is intended to support research and development projects for promising commercial products or processes. The University of Hawaii is a center of research and development work in Hawaii, and there are a number of research organizations associated with the University which are also involved in research. The challenge for Hawaii is to translate the academically-oriented research of the University and other organizations into marketable results. The University is prevented by its charter from engaging in commercial activities, so the research and development work of University personnel using University resources can go so far and no farther. It is your Committee's intention that the Corporation's Research and Development Program should complement and support the research work at the University, not duplicate it. The Research and Development Program is intended to bridge the gap between the University and the commercial sector.

The Michigan Research and Development Program has three elements: a "Centers of Excellence" program which targets research areas where Michigan has a competitive advantage and uses public funds to leverage private money to finance the operation of non-profit research centers which support the development of technology-based businesses; a State Research Fund which makes small matching grants to university/business coalitions having R&D projects with proven commercial potential but no prototype; and a Small Business Innovation Research Grants program which assists Michigan businesses in seeking federal SBIR grants.

PROGRAM FOR SEED CAPITAL ASSISTANCE

Seed capital investing is generally viewed as being at the highest risk portion of the business financing spectrum, more risk than venture capitalists normally take. Given the risk, the long time horizon on investments, and the substantial overhead needed to run a seed fund effectively, it is difficult to raise private investment for a seed capital partnership even though a successful seed fund will often provide a substantial return to its investors.

The Michigan Program provided four \$2 million loans to attract seed capital funds into Michigan, with a requirement of at least \$1 million in each fund to be raised from other sources, to increase the amount of seed capital available in Michigan. As a further incentive to private investors, the Michigan Fund subsidized the seed funds by capping the Michigan Fund's return at 9 percent. The operation of the funds were left to the private managers.

PROGRAM FOR VENTURE CAPITAL ASSISTANCE

As in the case of the Seed Capital Program the Venture Capital Program, rather than investing public funds directly in businesses, will use public money as an incentive to attract private investment organizations into the State, thereby increasing the amount of capital available for business start-ups and development. All investment decisions will be made by the managers of the private funds. Thus, the Corporation uses the relatively small amount of public money available as bait to attract the much larger amounts of investment capital available in the private sector, at the same time using the expertise of the private sector in making the investments. The impact of the public money committed to the project is thereby increased many times over. Rather than ignoring the market, or working against it, government encourages the market to work for public policy goals.

The Michigan Fund created a Venture Capital Fund which was eligible to invest up to 5 percent of the assets of the state pension fund in co-investments with private investors in individual high growth companies with good prospects and job creation or retention potential. Michigan has invested over \$50 million in individual companies.

PROGRAM FOR PRODUCT DEVELOPMENT

This program will make product-specific investments in post-prototype development, marketing activities, or inventory as a company moves toward commercialization of a new product.

The Michigan program invests an average of \$400,000 in products in return for royalty rights, seeking an annualized average return of around 20 percent over five years, with royalty income beginning within one year.

PROGRAM FOR CAPITAL ACCESS

The capital access program is designed to encourage and assist banks to make investments in businesses which are considered too risky by the banks to qualify for conventional loans.

In the Michigan program, each participating bank is assigned a loan loss reserve account in the capital access program to cover losses on a portfolio of marginal loans. When a bank makes a loan under the program, the borrower pays a one-time premium charge into the account which is matched by a bank premium payment. The capital access program then matches the combined total of the borrower's and bank's payment. Loans under this program remain private transactions between banks and borrowers. The banks determine which loans to grant, which loans will go into their risk portfolio, and set the interest rates, fees, duration, and other terms and conditions of the loans. The only restriction is that retail businesses are not eligible for loans under this program. The banks also determine in each case the total amount of insurance they require for each loan, which determines the premium charged to the borrower for the loan. A bank can withdraw funds from its account only to cover losses on loans made under the program. By partially subsidizing an insurance reserve, the capital access program encourages banks to make loans they would consider too risky under normal circumstances. Since the bank must pay part of the insurance premium, it freezes a certain amount of its money in the capital access account, discouraging the banks from using the program to provide extra protection for loans they would have made anyway. The bank must still be prudent, because the maximum amount of insurance is limited to fourteen percent of the loan, so if the borrower defaults the bank still bears the bulk of the loss. And while the loan may cost the borrower a little more than a conventional loan, it is a loan the borrower would not have gotten at all without the program. Since the maximum loan insurance amount is fourteen percent, the maximum contribution the capital access program must make is seven percent of the total cost of the loan. Thus the program is able to raise at least \$100 for every \$7 it commits, or \$14 for every \$1.

PROGRAM FOR FINANCIAL SERVICES INDUSTRY

Your Committee wishes to clarify the objective of the Corporation's Financial Services Industry Program, which is unique to the Hawaii Strategic Development Corporation. This bill creates a program to support financial services projects which will produce new jobs for Hawaii residents, but the bill does not endorse any specific project. It is clear in the bill, and it is your Committee's intent, that any loans or investments of the Corporation in financial services projects be made only when there is significant private sector commitment, both financial and otherwise. Your Committee has concerns about the proposed Hawaii securities exchange floor. Should financial assistance be considered by the Corporation for an exchange floor in Hawaii, support should only be in the form of a loan guarantee after significant private financial commitments of at least \$2 million have been made.

There is always a risk in making loans, and the purpose of this Corporation is to make money available to projects for which sufficient capital is not otherwise available from private lending sources. Further, the use of public funds to make loans to private businesses on easier terms than are available in the private sector has been a common practice in Hawaii as in other states. By requiring significant co-investment from private sources your Committee believes that this bill represents the best method of using public funds to encourage economic development in Hawaii.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 9, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 9, H.D. 2, S.D. 2, C.D. 1.

Representatives D. Ige, Souki, Fukunaga, Kanoho, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, Chang, A. Kobayashi, Solomon and George,
Managers on the part of the Senate.

Conf. Com. Rep. 47 on S.B. No. 2038

The purpose of this bill is to amend the laws of the State relating to the issuance and renewal of motor vehicle industry licenses and the bonding of licensees.

Your Committee has amended this bill by:

- (1) Deleting SECTION 1 through SECTION 4;
- (2) Amending Section 437-21.1, Hawaii Revised Statutes, rather than repealing that section, by retitling the section "Bonds of auctions." and deleting subsection (b);
- (3) Amending Section 437-27.5, Hawaii Revised Statutes, rather than repealing that section, by deleting "salesperson," and "auctioneer, manufacturer, factory branch, factory representative, distributor, distributor branch, or distributor representative" from the list of those required to maintain a bond in effect, and by deleting references to Section 437-21, Hawaii Revised Statutes, to conform with the amendments in (2) above;
- (4) Deleting the substance of SECTION 8 and inserting instead an amendment of Section 5 of Act 233, Session Laws of Hawaii, 1988, which changes the repealer date for the bonding requirements of Section 1 of that Act from 1989 to 1990; and
- (5) Making technical changes which have no substantive effect.

As amended, this bill eliminates the statutory bonding requirements for motor vehicle salesmen, auctioneers, manufacturers, factory branches, factory representatives, distributors, distributor branches, and distributor representatives. Your Committee finds that the elimination of the bonding requirements for these entities will benefit the motor vehicle industry while still providing adequate protection for the consumer.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2038, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2038, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Amaral, Cachola and Cavasso,
Managers on the part of the House.

Senators Blair, Hagino, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 48 on S.B. No. 816

The purpose of this bill is to afford relief to anyone in the State who has made use import tax payments to the State where those payments were also being made by another taxpayer. This bill removes the three-year limit for a refund or credit in cases where the claim is based on a duplicate payment made by an individual or entity other than the claimant.

Your Committee finds that between 1969 and 1981, General Motors dealers in Hawaii and the General Motors Overseas Division duplicated use tax payments for automobiles imported into the State. Upon discovery of the duplicate payment, the Hawaii dealers filed for a refund of the overpayment. However, due to the statute of limitations, the dealers were denied claims for refunds for those years beyond the three-year limitation. This bill would allow the dealers to file claims for those years.

Your Committee upon further consideration has deleted the following provisions of S.B. No. 816, H.D. 1:

- (1) The twenty-year statute of limitations for claims based on duplicate payment;
- (2) The requirement that the claimant, in the case of a claim based on duplicate payment, proves that the tax for which the claim is being made was not passed through to a third party; and
- (3) The limit of the amount of any credit or refund based on duplicate payment to thirty per cent of the total eligible claim amount if the claim is not filed within three years after payment of tax.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 816, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 816, H.D. 1, C.D. 1.

Representatives Souki, D. Ige, Fukunaga, Say and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 49 on S.B. No. 637

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 5 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 5 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; (3) insert, in Section 2, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 5; and (4) add, to Section 3, a proviso that the allocation of the funds appropriated or authorized by this bill be subject to the ratification of the collective bargaining agreement for unit 5 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 637, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 637, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 50 on S.B. No. 950

The purpose of this bill is to limit the compensation of a part-time member of the Hawaii paroling authority to eighty per cent of the total regular working hours in a month. The bill also specifies that part-time members are not entitled to vacation, sick leave, or other benefits except as provided in section 353-63, Hawaii Revised Statutes.

Your Committee has amended the bill to add a section declaring that the appropriations contained in the bill will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by \$186,126, or 0.0079 per cent and that such expenditure is necessary to serve the public interest.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 950, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 950, S.D. 1, H.D. 2, C.D. 1.

Representatives Arakaki, M. Ige, Amaral, Leong, Metcalf and Cavasso,
Managers on the part of the House.

Senators Mizuguchi, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 51 on S.B. No. 245

The purpose of this bill is to implement the constitutional mandate to provide a tax refund or tax credit when, under certain conditions, there is a surplus in the state general fund.

Article VII, section 6, of the Constitution of the State of Hawaii requires the legislature to provide for a tax refund or tax credit to the taxpayers of the State whenever the state general fund balance at the close of each of two successive fiscal years exceeds five per cent of general fund revenues for each of the two fiscal years. Since these factors have been met for the eighth year in a row, this bill is necessary to satisfy the constitutional mandate.

Your Committee upon further consideration has amended this bill to reflect a general income tax credit which shall be \$125 deducted from income tax liability, resulting in a total of \$112,500,000 being returned to the people of the State.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 245, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 245, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Fernandes-Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, George, Koki, Solomon, Tungpalan and Mizuguchi,
Managers on the part of the Senate.

Conf. Com. Rep. 52 on S.B. No. 1117

The purpose of this bill is to appropriate funds for a variety of mental health services deemed vital in developing a new, effective, and comprehensive system of mental health care.

This bill:

- (1) Establishes a mental health unit in the mental health division of the department of health, detailing positions and their qualifications and in-service training, to provide a wide range of bilingual mental health services targeted for immigrants and refugees on a statewide basis;

- (2) Assists the general population by upgrading case management services and supporting the plan, design, and construction of mental health centers in Waipahu and Kalihi-Palama;
- (3) Assists children in the State by:
 - (A) Establishing a secured, short-term residential treatment facility for adolescents;
 - (B) Providing adolescent day treatment services on the islands of Molokai, Hawaii, Maui, and Kauai;
 - (C) Establishing children's mental health teams to:
 - (i) Prevent out-of-home placement of children;
 - (ii) Help families to keep and maintain their children at home; and
 - (iii) Reduce inappropriate hospitalization of children; and
 - (D) Providing for the prevention of serious emotional problems and early intervention through the early childhood family education program; and
- (4) Offers special budget provisions jointly developed by the department of health's mental health division, the Hawaii Family and Friends of Schizophrenics, the Mental Health Association, and the Mental Health Consumer Council.

This bill also states the reasons, the amount, and the rate by which the appropriation in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee has amended this bill by:

- (1) Replacing language creating the mental health unit providing services to immigrants and refugees with similar language from S.B. No. 800, S.D. 1, but which deletes mention of specific positions and their qualifications and in-service training. It is your Committee's specific intent, however, that the purpose of the unit is to provide services to immigrants and refugees;
- (2) Deleting funding for adolescent day treatment services on the islands of Molokai, Hawaii, Maui, and Kauai because these programs are already included in the executive budget; and
- (3) Requiring the department of health to work with the department of education in addition to other state departments regarding secured, short-term residential treatment facilities for adolescents.

Finally, your Committee has renumbered the sections accordingly and has also made a few technical, nonsubstantive amendments solely for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1117, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1117, S.D. 2, H.D. 2, C.D. 1.

Representatives Shon, Souki, Arakaki, Leong and Liu,
Managers on the part of the House.

Senators Yamasaki, Levin, Menor, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 53 on S.B. No. 408

The purpose of this bill is to authorize the issuance of general obligation bonds, and to find that the total amount of principal and interest estimated for these bonds, all bonds authorized but not issued, and all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance. This finding comports with the requirements established in Article VII, Section 13, of the Constitution of the State of Hawaii.

Your Committee, which received the bill with \$1 as the total amount of the general obligation bonds authorized, has amended the bill to include the appropriate specific amounts, with a total amount of \$247,555,000 of general obligation bonds authorized.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 408, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 408, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Fernandes-Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 54 on S.B. No. 1734

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects. As received, this bill appropriated the sum of \$12,748,000 to satisfy this purpose.

This bill in its amended form, appropriates the sum of \$12,748,000 from general funds to general obligation bond funds and general obligation reimbursable bond funds and appropriates an additional \$12,501,000 in general obligation bond funds and general obligation reimbursable bond funds for capital improvement projects. Therefore, as amended, this bill appropriates the sum of \$25,249,000.

After close scrutiny your Committee believes that the projects contained herein reflect the legislature's continued commitment to projects which reflect the needs and desires of the people of the State of Hawaii.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1734, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1734, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 55 on H.B. No. 902

The purpose of the bill is to establish the Hawaii Tourism Commission to be responsible for the entire range of the State's tourism-related activities, including:

- (1) Contracting for and coordination and administration of tourism promotion, advertising, and marketing;
- (2) Demographic and other tourism-related research;
- (3) Identification and promotion of job training and educational opportunities in the visitor industry; and
- (4) Analysis of the needs and concerns of the counties with respect to tourism.

Your Committee on Conference has amended the bill to restore the original intent of H.B. 902, requiring the Department of Business and Economic Development to prepare biennial tourism marketing plans that include:

- (1) Identification and evaluation of tourism needs;
- (2) Goals and objectives;
- (3) Statewide promotional efforts and programs;
- (4) Target markets; and
- (5) Measures of effectiveness.

The biennial tourism marketing plan is to be submitted with the executive budget request.

This bill also mandates that the Department:

- (1) Establish procedures to select and evaluate statewide tourism promotion projects for which all statewide tourism promotion contracts, including the Hawaii Visitors Bureau, will be required to follow;
- (2) Develop criteria to assess the benefits and effectiveness of the marketing plan; and
- (3) Submit annual reports to the Legislature.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 902, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 902, S.D. 1, C.D. 1.

Representatives Cachola, Hirayama, Tajiri, Tom and Anderson,
Managers on the part of the House.

Senators Holt, Ikeda and George,
Managers on the part of the Senate.

Conf. Com. Rep. 56 on H.B. No. 1635

The purpose of this bill is to add a provision to Section 431:13-103(a)(7)(H), Hawaii Revised Statutes, which would allow an applicant for insurance an opportunity to obtain results of a test for a human immunodeficiency virus ("HIV") infection. Under this bill, the confidentiality of the test results would be maintained as provided by Section 325-101, Hawaii Revised Statutes.

Currently, Section 431:13-103(a)(7)(H), Hawaii Revised Statutes, does not prohibit an insurer from obtaining and using the results of a test, satisfying the requirements of the insurance commissioner, if it was taken with the consent of an insurance applicant. This section does not address, however, whether the applicant may obtain the results of his or her test for an HIV infection.

Upon further consideration, your Committee has amended this bill to change the phrase, "any applicant for insurance who is subjected to HIV testing. . ." to read, "any applicant for insurance who is tested for HIV infection . . ." The phrase, "subjected to" inaccurately suggests that an applicant may be tested without consent. Your Committee has also added a phrase which requires that the applicant be afforded the opportunity to obtain the test results "within a reasonable time after being tested".

Your Committee has also considered, but declines to adopt a provision which would amend Section 431:13-103(a)(7)(E), Hawaii Revised Statutes, so as to make it an unfair and deceptive practice to refuse to insure, refuse to continue to insure, or limit the amount of coverage available to an individual because of his or her sexual orientation. The necessity of such a provision may be obviated by rules which your Committee understands are currently being drafted by the Insurance Commissioner, concerning the implementation of existing laws relating to HIV testing.

Technical, nonsubstantive amendments have also been made to this bill for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1635, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1635, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Shon, Takamine and Marumoto,
Managers on the part of the House.

Senators Blair, Ikeda, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 57 on H.B. No. 1236

The purpose of this bill is to provide tenants who receive public assistance an option to establish a new due date for rent payments under the Landlord-Tenant Code.

Under present law, rent is payable at the beginning of the month unless otherwise agreed. Most leases require rent to be paid on the first day of each month, and provide for the assessment of a late charge if payment is not made within five days thereafter. Such rules may create a hardship for public assistance recipients. Your Committee understands that the volume of public assistance checks necessitates a staggered schedule for mailing, and many recipients receive their checks after the fifth day of the month. Consequently, they may incur late fees through no fault of their own.

This bill would allow a public assistance recipient an option to establish a new rent due date by making a one-time prorated payment to cover the period between the original due date and the newly established date. The new date would be the due date for the remainder of the landlord-tenant relationship.

Upon further consideration, your Committee has amended this bill by specifying that the option is available when the rental agreement requires that the rent be paid "on or before the third day after the day" on which the public assistance check is usually received. This is consistent with other language of this bill which states that the new date shall exceed by more than three days, excluding Saturdays, Sundays, and holidays, the date on which checks are mailed. Your Committee has also deleted an unnecessary comma after the word "rental" on page 2, line 6 of H.B. No. 1236, H.D. 1, S.D. 1.

Your Committee finds that this bill represents a solution which will be fairer to public assistance recipient tenants, and not overly burdensome to landlords.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1236, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1236, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Amaral, Hiraki, Shon and Anderson,
Managers on the part of the House.

Senators Blair, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 58 on H.B. No. 188

The purpose of this bill is to protect consumers against fraudulent acts by credit repair organizations.

This bill would prohibit any person from:

- (1) Soliciting or inducing the payment of consideration based on false representations that the person can erase, correct, repair, alter, or otherwise modify an accurately reported credit history;
- (2) Soliciting or inducing the payment of consideration for referral of another person to a credit granting entity, knowing or having reason to know that the other person will be granted credit, if at all, in substantially the same terms as those available to the general public;
- (3) Making or advising a person to make misleading statements about their credit worthiness to a credit reporting agency or a credit granting entity; and
- (4) Providing advice or assistance with regard to any of the foregoing activities.

The bill would make any violation of its provisions on unfair or deceptive act or practice under Section 480-2, Hawaii Revised Statutes.

Upon further consideration, your Committee has amended this bill to clarify that its prohibitions apply only to dealings with a "consumer", which is defined as "a natural person acting in their own personal capacity". This amendment is intended to make it clear that the bill does not address transactions in which the party being solicited, induced or counseled is a business entity.

Technical, nonsubstantive amendments have also been made to this bill for the purposes of style and clarity.

Your Committee believes that this bill will help protect consumers from credit repair organizations which falsely represent that they have the ability to alter accurate credit reports. A credit repair organization that charges a fee for services which it cannot deliver does a disservice to individuals already experiencing financial problems.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 188, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 188, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Metcalf, Hagino, Hiraki and Cavasso,
Managers on the part of the House.

Senators Blair, Chang, Hagino, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 59 on H.B. No. 913

The purpose of this bill is to replace the \$60 across-the-board level of care payment for residents of adult residential care homes with a graduated schedule of payments according to level of care and facility type.

Your Committee on Conference has agreed to the following rates:

- 1) For Facility Type I
 - a) Level of care I, not less than \$70,
 - b) Level of care II, not less than \$105, and
 - c) Level of care III, not less than \$145; and
- 2) For Facility Type II
 - a) Level of care I, not less than \$124,
 - b) Level of care II, not less than \$105, and
 - c) Level of care III, not less than \$145.

Your Committee has amended the bill to include the following appropriation amounts: \$3,175,389 for fiscal year 1989-90 and \$3,334,158 for fiscal year 1990-91.

Your Committee has also amended the bill by adding a new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit, to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 913, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 913, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Souki, Duldulao, Leong, Shon and Liu,
Managers on the part of the House.

Senators Yamasaki, McMurdo and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 60 on S.B. No. 910

The purpose of this bill is to require the Department of Education to implement a voluntary statewide early education plan by the 1994-1995 school year, to be delivered by private providers whenever possible.

The Department would adopt standards for curriculum, facilities, teacher training, and methods for encouraging the involvement of parents and guardians. Provision would also be made for parents and guardians who opt for home care to utilize childhood education resources.

Your Committee finds that early education is an integral component of the comprehensive plans being developed to strengthen and improve our statewide educational system.

Your Committee has amended this bill as follows:

- (1) Provided that the Department shall develop a plan for quality voluntary early education which shall be fully implemented and available statewide to all eligible children no later than January 1, 2000;
- (2) Defined early education as a developmentally appropriate early childhood development and education program for children from birth to age eight;
- (3) Provided that the quality early education plan shall focus on children from ages four up to six years;
- (4) Provided that standards and criteria shall be adopted by the Board of Education, rather than the Department of Education, and shall provide the basis upon which the early education plan shall be developed;
- (5) Provided that the Department shall work with college level education programs as well as the Department of Health, the Office of Children and Youth, early education organizations, parents of young children, and other appropriate organizations in developing the plan;
- (6) Provided that the plan shall include a timetable and implementation schedule, approved by the Board, to be submitted to the Governor and the Legislature; costs for delivery of early childhood services, including how costs can be shared between the public and private sectors; and an assessment of training and certification capacity of teachers including assurances by teacher training institutions to recruit and graduate qualified staff for early childhood education; and
- (7) Provided that the Department shall submit its initial plans to the 1990 Legislature and a final plan, which shall include implementation recommendations and costs, to the 1991 Legislature.

Your Committee has also made some nonsubstantive language, formatting, and other technical changes for the purposes of clarity and style.

In approving this measure, your Committee strongly emphasizes the need for dialogue and cooperation between the University of Hawaii College of Education and other college education programs in Hawaii to recruit and graduate qualified professionals for early childhood education programs. Quality early childhood education, as envisioned by all concerned parties, cannot be realized and implemented without a sufficient pool of trained and certified personnel to work in the field.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 910, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 910, S.D. 1, H.D. 1, C.D. 1.

Representatives Tam, Arakaki, Kawakami, Shon, Stegmaier and Liu,
Managers on the part of the House.

Senators B. Kobayashi, Hagino and McCartney,
Managers on the part of the Senate.

Conf. Com. Rep. 61 on H.B. No. 845

The purpose of this bill is to provide a multiagency, multidisciplinary program of health and social services at an early intervention stage to infants and toddlers with special needs and to establish a statewide system for early identification of, and intervention with, all at-risk infants to prevent child abuse neglect. The bill also provides for appropriations to establish a statewide program for the prevention of child abuse for at-risk infants.

Your Committee on Conference has amended the bill by deleting part II to eliminate appropriations which have already been included in the budget for the Zero to Three Program and the Healthy Start Program.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 845, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 845, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, Shon, Souki, Fukunaga, Ihara, Tam and Liu,
Managers on the part of the House.

Senators Yamasaki, Hagino, A. Kobayashi, Levin and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 62 on H.B. No. 64

The purpose of this bill is to establish a special fund to be known as the Long Term Care Service Development Fund, administered by the Executive Office on Aging, to promote the establishment, reorganization, or expansion of businesses and nonprofit corporations offering community-based long term care services. The bill also requests a study on how private sector providers can participate in the provision of these services and provides for training and business plan development.

The bill also appropriates \$1,000,000 of general revenue to be deposited in the Hawaii Capital Loan Program, administered by the Department of Business and Economic Development, to encourage private sector activity in long term health care.

Your Committee on Conference has agreed on appropriations of \$1,000,000 in fiscal 1989-1990 for (1) the Long Term Care Service Development Fund, (2) training and assistance in business plan development, (3) a study to recommend long term care business development methods and perform analysis of the community-based long term care industry and (4) staffing and operating expenses; and \$1,000,000 for the Hawaii Capital Loan Program in fiscal 1989-1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 64, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 64, H.D. 2, S.D. 2, C.D. 1.

Representatives Ihara, Souki, Chang, Duldulao, Kawakami, Leong and Cavasso,
Managers on the part of the House.

Senators McMurdo, A. Kobayashi, Aki, Levin and George,
Managers on the part of the Senate.

Conf. Com. Rep. 63 on H.B. No. 1850

The purpose of this bill is to allow the Director of Health to make grants, loans, or a combination of both grants and loans, to state and county agencies for the construction of water treatment projects and to appropriate funds for the Water Pollution Control Revolving Fund (hereafter referred to as the "Fund").

Your Committee finds that based on a recent survey, approximately \$1.4 billion in expenditures on wastewater treatment works will be necessary over the next twenty years to protect our coastal and underground waters.

The total capitalization grants of \$63 million, which the State expects to receive until 1994, are not adequate to finance the wastewater treatment facilities in the State. This bill provides the mechanism whereby the State will be able to provide the necessary funds, grants, and loans to construct necessary wastewater treatment facilities.

Your Committee has made the following amendments:

- (1) Inserted a new paragraph (9) to subsection (c) of Section 342-34, Hawaii Revised Statutes, which provides that the Director of Health may utilize moneys from the Fund to finance administrative costs, including monitoring and enforcement, of a nonpoint source pollution control program; provided that the Director of Health shall not utilize more than \$50,000 during fiscal year 1989-1990;
- (2) Inserted a new paragraph (10) to subsection (c) of Section 342-34, Hawaii Revised Statutes, which requires the Director of Health to annually report to the Legislature on all of the grants made from the Fund during the last completed fiscal year, and during the first three months of the fiscal year in progress. The report will include:
 - (A) The name of the recipient;
 - (B) The effective date of the grant;
 - (C) The amount provided; and
 - (D) The intended or actual use of the funds;
- (3) Inserted a new subsection (d) to Section 342-34, Hawaii Revised Statutes, providing that nothing in that section shall be construed to restrict the Director of Health's authority to make grants or loans, or both, to treatment projects granted waivers under Section 301(h) of the Federal Water Pollution Control Act;
- (4) Added a new Section 3 stating the reasons why, and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit; and
- (5) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1850, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1850, H.D. 2, S.D. 1, C.D. 1.

Representatives Andrews, Souki, Bunda, Hiraki, Kanoho, Say and Hemmings,
Managers on the part of the House.

Senators Yamasaki, Ikeda, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 64 on H.B. No. 239

The purpose of this bill, as received, is to amend Section 514A-82.1, Hawaii Revised Statutes, to clarify that the board of directors or manager of a condominium property regime may conduct a criminal history record check on applicants for employment as security guard, manager, or similar positions, directly through the Hawaii Criminal Justice Data Center.

The bill also requires an applicant to provide the Hawaii Criminal Justice Data Center with personal identifying information for the sole purpose of conducting an authorized criminal history record check.

Upon further consideration, your Committee has amended this measure to provide the same security measures for prospective employees for similar positions in cooperative housing corporations. Instead of amending Section 514A-82.1, Chapter 846 has been amended by adding a new section that encompasses background checks on both employees of condominiums and cooperative housing corporations.

Your Committee finds that this amendment would promote greater uniformity and internal consistency in the statutory provisions pertaining to criminal history record checks through the Hawaii Criminal Justice Data Center.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 239, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 239, S.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Hiraki, Hirono and Anderson,
Managers on the part of the House.

Senators Blair, Nakasato, Tungpalan and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 65 on H.B. No. 30

The purpose of this bill is to establish a Hawaii historic preservation special fund to enhance and preserve elements of Hawaii's historic past.

Your Committee finds that a number of historic resources in the State are in need of maintenance and renovations. The establishment of this special fund will provide the ongoing support needed to preserve, restore, and maintain our historic heritage.

Your Committee has amended this bill by adding a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with the constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 30, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 30, H.D. 2, S.D. 1, C.D. 1.

Representatives Hagino, Souki, Fukunaga, Isbell, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, Tungpalan, A. Kobayashi, Matsuura and George,
Managers on the part of the Senate.

Conf. Com. Rep. 66 on H.B. No. 1842

The purpose of this bill is to allow the Department of Transportation to use its special fund moneys which are determined to be in excess of requirements for other important public purposes, so long as such use is not inconsistent with applicable federal law and regulations, and agreements with airlines and others. Your Committee believes that such use of excess public funds is prudent and is in the public interest.

While it concurs with the purpose and intent of this bill, your Committee notes that the Federal Aviation Administration has issued an opinion expressing concern over the proposed use of excess moneys derived from the sale of in-bond merchandise at outlets outside of airport properties. Your Committee has been advised that the State is pursuing discussions on this matter with the Secretary of Transportation. In a letter received April 19, 1989, Secretary of Transportation Samuel K. Skinner informed the Honorable Senator Daniel K. Inouye as follows:

"Given the time constraint and the assurances in the legislation, I look forward to working with you in resolving this issue expeditiously. I recognize that the state legislature must act to preserve its options.....I am confident that good faith discussions between my department and the State of Hawaii can lead to an acceptable accommodation."

In order to allow for further discussions on this matter, your Committee has amended this bill to:

1. Clarify the necessity and desirability of providing a mechanism to permit the transfer of excess moneys from special funds under the control of the department of transportation to other special funds under the control of the department of transportation or to the general fund of the State;

2. Establish a "Transportation Use Special Fund" for deposit of "excess funds" transferred from the airport revenue fund to be held in escrow but only to the extent that such transfers are permitted and are in compliance with applicable federal law and airport grant agreements;
3. Specify that no moneys transferred into the "Transportation Use Special Fund" may be appropriated, applied, or expended before July 1, 1990;
4. Specify that only such moneys as are determined to be in excess of one hundred fifty percent of the ensuing twelve months' requirements of the airport revenue fund may be transferred to the "Transportation Use Special Fund";
5. Specify that only moneys identified as off-airport revenues may be eligible for transfer to the "Transportation Use Special Fund";
6. Authorize the Director of Transportation to transfer from the state highway fund all or any portion of available moneys determined by the director to be in excess of one hundred fifty per cent of the requirements for the ensuing twelve months for the state highway fund as permitted by and in accordance with section 37-53; and
7. Provide the director of transportation with greater flexibility in the application of airport revenue funds.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1842, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1842, S.D. 2, C.D. 1.

Representatives Oshiro, Souki, Baker, Fukunaga, Kotani, Tajiri and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Fernandes Salling, Ikeda, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 67 on H.B. No. 403

The purpose of this bill is to provide the State Comptroller with concurrent authority with the Attorney General to pay tort claims against the State for \$10,000 or less and to allow claims to be filed directly with the Comptroller. The bill also would remove the \$10,000 limit for claims which the Attorney General may settle without the filing of a law suit or prior court approval; and allows settlements by the Attorney General for \$25,000 or less to be paid from the State risk management revolving fund, while claims over \$25,000 must be reviewed by the legislature.

Your Committee finds that \$25,000 represents a relatively high settlement amount, even taking current economic posture into consideration. Upon further deliberation, your Committee has amended this measure by reducing \$25,000 to \$10,000. As amended, any claims settled by the Attorney General for more than \$10,000 would have to be reviewed by the legislature.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 403, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 403, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, M. Ige, Bellinger, Chang, Leong, Oshiro and Anderson,
Managers on the part of the House.

Senators Menor, Blair, Holt and George,
Managers on the part of the Senate.

Conf. Com. Rep. 68 on H.B. No. 32

The purpose of this bill is to establish a Division of Historic Preservation within the Department of Land and Natural Resources and to provide funds and personnel necessary to carry out this reorganization.

Your Committee finds that the elevation of the Historic Preservation program to a departmental division will facilitate a more aggressive posture on the part of the program in carrying out its immense responsibilities of protecting Hawaii's archaeological, religious, and cultural treasures.

Your Committee has amended this bill by adding a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 32, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 32, H.D. 2, S.D. 1, C.D. 1.

Representatives Hagino, Fukunaga, Isbell, Lee and O'Kieffe,
Managers on the part of the House.

Senators Tungpalan, A. Kobayashi, Fernades Salling, Hagino and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 69 on S.B. No. 1787

The purpose of this bill is to:

- (1) Establish an Archaeological Site Fund (Fund) to be administered by the Department of Land and Natural Resources (DLNR);
- (2) Establish a seven member Commission on Native Hawaiian Burial Sites to advise the DLNR on matters relating to burials and reinterment;
- (3) Prohibit any person who violates the statutory provisions on burial sites from participating in the construction of any State project for ten years; and
- (4) Appropriate \$50,000 to the Fund and \$100,000 to carry out the other purposes of this measure.

The bill, as received by your Committee, establishes a process to ensure the proper treatment and protection of native Hawaiian burial sites of major significance.

Your Committee on Conference has amended the bill to augment current procedures relating to the proper care and protection of all burial sites and human skeletal remains, regardless of ethnic background, which are of historic and cultural interest found in the State. Your Committee also provided a procedure for addressing sites of major historical or cultural significance such as Honokahua on Maui and Mokapu on Oahu, in order to avoid future disputes arising from the discovery of human skeletal remains.

It is your Committee's intention to clearly state that the bill recognizes that the State Constitution, under Article IX, Section 7, already permits the conservation of such sites by the reasonable regulation of private property and that this bill is meant to strengthen and clarify the procedures and penalties relating to the discovery of burial sites of major historical or cultural significance.

Your Committee amended the bill further to allow the Commission to formulate and recommend to the DLNR several measures to mitigate the effects of preserving the site.

Section 5 has been amended to forbid any activity on a burial site of historic or cultural significance except as permitted by the DLNR.

Your Committee has also amended the bill by deleting Sections 3, 4, and 11 which refer to an appropriation for the Archaeological Site Fund.

Your Committee finds it incumbent to state that the responsibility of determining the criteria of what is to be considered a burial site of major historical or cultural significance, should rest with the Advisory Commission with the information it receives through the process of public hearings.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1787, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1787, S.D. 2, H.D. 2, C.D. 1.

Representatives Hagino, Fukunaga, D. Ige, Isbell, Lee and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, Tungpalan, Fernandes Salling, Solomon and George,
Managers on the part of the Senate.

Conf. Com. Rep. 70 on S.B. No. 633

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 1 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 1 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) include fund authorizations and appropriations for cost items and salary adjustments for collective bargaining units 2, 6, 8, 9, 10, and 11; (2) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (3) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; and (4) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for units 1, 2, 6, 8, 9, 10, and 11.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 633, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 633, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 71 on H.B. No. 1358

The purpose of this bill is to authorize the Board of Trustees of the Hawaii Public Employees Health Fund to provide and administer a long-term care insurance plan for employee-beneficiaries of the health fund and their spouses.

Your Committee finds that the financing of long-term care is the most critical issue facing Hawaii's elderly in this decade and agrees that it would be appropriate for the health fund to provide its employee-beneficiaries and their spouses the opportunity to participate in a long-term care insurance benefits plan as long as they assume responsibility for the cost of the benefits plan.

In order to insure the financial integrity of the plan, your committee finds it prudent for the Board of Trustees of the Hawaii Public Employees Health Fund to address the concern of applicants being in good health at the time of enrollment in its rules and regulations.

Your Committee has agreed to adopt the original version of H.B. No. 1358 with an amendment to omit "and parents" from Section 87-3(7)(D). Other technical, non-substantive amendments have been made for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1358, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1358, H.D. 2, S.D. 2, C.D. 1.

Representatives Takamine, Fukunaga, Horita, M. Ige, Ihara, Taniguchi and Anderson,
Managers on the part of the House.

Senators Nakasato, A. Kobayashi, Hagino and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 72 on H.B. No. 1853

The purpose of this bill is to adjust the mechanism by which rates for related shortage category classes are determined, and to provide retention adjustments for senior workers in shortage categories.

Your Committee has amended this bill by appropriating the sums of \$1,473,513, general funds, \$205,116, special funds, and \$184,518, federal funds.

Your Committee has further amended this bill by inserting a new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceed the State spending limit. Other amendments to this bill have been made for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1853, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1853, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Horita, Baker, Kotani and Anderson,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 73 on S.B. No. 819

The purpose of this bill is to prohibit labeling or other representation of an item, product, souvenir, or other merchandise as "made in Hawaii" which has not been manufactured, assembled, fabricated, or produced in the State and which has not had at least fifty-one percent of its wholesale value added because of its Hawaiian genesis.

The bill further prohibits application of the term "island fresh" or any similar term to processed milk or milk products or raw agricultural commodities implying that the product comes from the State unless the processed milk or milk product has been at least ninety percent produced in Hawaii or the raw agricultural commodity has been one hundred percent produced in Hawaii. In addition, it would be unlawful to sell or offer for sale any fluid milk for human consumption which has been at least ninety percent produced in Hawaii without so notifying the consumer by means of a label printed in bold type and affixed to a conspicuous area of the carton or container stating the product is "island fresh" or using a similar term.

Your Committee, upon further consideration, has determined that this bill should focus on milk and milk products only. Therefore, your Committee has amended this bill by deleting all references to and the definition of "raw agricultural commodity." Your Committee has further amended this bill by clarifying the definitions of "consumer," "cartons" or "containers," and "milk and milk products," and by making some nonsubstantive language and technical changes for the purpose of clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 819, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 819, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Amaral, Bellinger, Hiraki and Anderson,
Managers on the part of the House.

Senators Blair, Ikeda, Tungpalan and George,
Managers on the part of the Senate.

Conf. Com. Rep. 74 on S.B. No. 370

The purpose of this bill is to establish a condominium management recovery fund and a condominium management education fund.

The condominium management recovery fund would cover condominium association losses that cannot be recovered from the managing agent's fidelity bond, the association's fidelity bond, or the person or persons causing the loss.

The condominium management education fund would be used for educational purposes including financing or promoting education and research in condominium management, condominium registration, and real estate; improvement and more efficient administration of condominium associations; and expeditious and inexpensive procedures for resolving condominium association disputes.

Associations with six or more apartments would pay \$2 for each apartment to the Department of Commerce and Consumer Affairs for calendar year 1990, and thereafter the annual fee would be prescribed by rules. The contributions would be allocated between the two funds on a fifty-fifty basis. In addition, developers would be required to pay \$5 into the condominium management education fund for each apartment in their development.

Your Committee has amended this bill by deleting the condominium management recovery fund and providing that all contributions, investments, and other provisions that previously applied to both funds or to the condominium management education fund shall be applicable solely to the condominium management education fund.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 370, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 370, S.D. 2, H.D. 2, C.D. 1.

Representatives Hirono, Metcalf, Horita, Hiraki, Kotani, Shon and Anderson,
Managers on the part of the House.

Senators Blair, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 75 on S.B. No. 1230

The purpose of this bill is to provide further regulation of the motor vehicle repair industry by:

- 1) Requiring all motor vehicle mechanic apprentices/trainees and motor vehicle helpers to register with the Motor Vehicle Repair Industry Board;
- 2) Requiring all motor vehicle mechanic apprentices/trainees and motor vehicle helpers to be assigned to, and to be the responsibility of, a certified motor vehicle mechanic;
- 3) Requiring that each registered and certified mechanic be assigned no more than five apprentices/trainees or helpers; and
- 4) Allowing a motor vehicle repair dealer thirty days to replace a terminated mechanic who has been assigned mechanic apprentices/trainees or helpers, in order to reassign the apprentices/trainees or helpers.

Your Committee has amended this bill on page 1, line 8-10 by deleting the requirement that motor vehicle mechanic apprentices/trainees and motor vehicle helpers register with the Motor Vehicle Repair Industry Board.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1230, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1230, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Andrews, Hiraki, Amaral and Anderson,
Managers on the part of the House.

Senators Blair, Hagino, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 76 on S.B. No. 1814

The purpose of this bill is to create a new article in the Insurance Code, Chapter 431, Hawaii Revised Statutes, to include provisions applicable to motorcycle and motor scooter insurance.

Presently, motorcycle and motor scooter liability insurance requirements are found in Article 10C, Part V, of the Insurance Code, which the bill would repeal. Article 10C refers to motor vehicle insurance, and the creation of a separate article for motorcycle and motor scooter insurance will clarify the distinction between the two types of insurance. Further, this arrangement will clarify that the requirements of the no-fault law and its benefits do not apply to motorcycles or motor scooters. This bill also amends Article 10C as necessary.

In general, the creation of Article 10G of the Insurance Code, as contemplated by this bill, would:

- 1) Prohibit the driving of a motorcycle or motor scooter upon any public street, road, or highway unless it is insured under a liability policy as provided in the bill;
- 2) Establish licensing or permit prerequisites for obtaining such coverage;
- 3) Provide that tort liability is not abolished with respect to accidental harm incurred in or arising out of a motorcycle or motor scooter accident, and state the circumstances under which a cause of action for tort claims exist;
- 4) Require the operator of an insured motorcycle or motor scooter to carry a proof of insurance card, to be exhibited to a law enforcement officer upon demand;
- 5) Allow the insurance commissioner to assess and levy a drivers' education fund underwriters' fee and provide that fund fees shall be expended by the University of Hawaii Community College Employment Training Office for the operation of a drivers' education program for operator of motorcycles, motor scooters or similar vehicles;
- 6) Establish penalties for violation of this Article;
- 7) Authorize the Insurance Commissioner to adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, to carry out the purposes of this Article;
- 8) Establish rules for ratemaking, administration, and for rate review by an aggrieved person; and
- 9) Establish requirements for insurance policies covering motorcycle and motor scooters.

Your Committee has made several amendments to this bill as outlined below.

- 1) A provision permitting self-insurance of motorcycles and motor scooters has been added to Section 1 of the bill as §431:10G-103, and subsequent provisions in Section 1 have been renumbered. Your Committee finds that since motorcycle and motor scooter liability insurance is a mandated insurance, self-insurance should be an option to conventional liability insurance. The proposed provision will permit governmental entities and other motorcycle and motor scooter owners to self-insure, provided certain conditions are met.
- 2) For purposes of clarity, the provision regarding the drivers' education fund underwriters' fee has been amended by deleting the reference to "similar vehicles" on page 5, line 4 since the phrase does not appear to add anything to the definitions already found in Section 286-2, Hawaii Revised Statutes.
- 3) Subsection (d) requiring the insurance commissioner to make rules for the execution and distribution of the drivers' education fund on page 5, lines 14-16 was deleted since the bill contains a provision enabling the commissioner to adopt necessary rules to implement the statute.
- 4) Subparagraph (2)(B) of §431:10G-201 regarding consideration of profits and contingencies on page 6, lines 18-20 was deleted because it reiterates language found in the preceding subparagraph (2)(A).
- 5) Subparagraph (2)(E) of §431:10G-201 regarding consideration of national or regional experience and expenses on page 7, lines 10-13 was deleted and subparagraph (2)(A) and (2)(C) were amended to take into consideration country-wide expenses and loss experience in computing motorcycle and motor scooter rates. S.B. No. 1814, S.D. 1, H.D. 1 provided for consideration of national experience and expenses only when those factors would serve to reduce rates. Your Committee believes that to limit the use of country-wide data by motorcycle insurers to those instances where it would reduce rates is impractical since the experience pool in Hawaii is relatively small. This amendment brings the motorcycle rating law in line with the casualty rating law found in Article 14 of the Insurance Code, which provisions govern the making of liability rates in general.
- 6) Section 5, which would eliminate the reference to operators of motorcycles and motor scooters from the list of persons ineligible to receive payment of no-fault benefits on page 14, lines 20-23 and page 15, lines 1-10, was deleted from the bill and subsection sections have been renumbered. The law as currently stated in §431:10C-305(d) clearly excludes operators of motorcycles or motor scooters from no-fault benefits. Your Committee finds that it was not the original intent of S.B. No. 1814 to substantively change the law regarding the parties eligible for no-fault benefits, and therefore the proposed amendment is unwarranted and should be deleted.
- 7) Several technical, nonsubstantive amendments have been made throughout the bill for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1814, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1814, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hiraki, Yoshimura and Anderson,
Managers on the part of the House.

Senators Blair, Ikeda, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 77 on S.B. No. 1376

The purpose of this bill is to amend the means by which a bank is required to notify a mortgagor of his right to discontinue a mortgage life insurance policy when the initial period of free coverage ends, if such coverage is not a condition for obtaining the mortgage, and to expand the requirement of notification to include savings and loan associations, industrial loan companies, credit unions, and casualty insurance companies.

Currently, banks are required to send each insured mortgagor, at least four weeks prior to the expiration of the period of free coverage, a yes/no check-off form in which the mortgagor may indicate a desire to continue or discontinue the mortgage life insurance after the free period has ended. Failure by the mortgagor to provide the form shall result in the automatic termination of the mortgage life insurance policy upon expiration of the free period. There are no similar provisions in the current law for savings and loan associations, industrial loan companies, credit unions, and casualty insurance companies.

This bill would require all of these institutions to send a written notice advising each mortgagor of the right to cancel the insurance, the requirements for effecting such cancellation, and that premiums will be charged for the insurance unless it is cancelled. The notice to each insured mortgagor shall be sent at least four weeks prior to the expiration of the period during which the insurance is provided without charge.

Your Committee amended this bill by making several technical, nonsubstantive amendments for the purpose of style and clarity, and to correct drafting errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1376, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1376, H.D. 1, C.D. 1.

Representatives Hirono, Andrews, Bellinger, Hiraki and Anderson,
Managers on the part of the House.

Senators Blair, Chang, McCartney, Tungpalan and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 78 on H.B. No. 1887

The purpose of this bill is to allow industrial loan companies to establish loan solicitation offices, in addition to fully licensed branch offices, upon the written approval of the Commissioner of Financial Institutions.

This bill would add two new sections to Chapter 408, Hawaii Revised Statutes. The first of these sections would:

- (1) Set forth application requirements, criteria for the Commissioner's approval of a loan solicitation office, and criteria for withdrawal of approval;
- (2) Specify physical requirements for a loan solicitation office;
- (3) Specify the limited activities in which a loan solicitation office may engage;
- (4) Allow the Commissioner to impose conditions regarding the identification and conduct of a loan solicitation office;
- (5) Prohibit a company licensed under Chapter 408 from establishing a loan solicitation office outside of the State; and
- (6) Make a loan solicitation office subject to examinations under Chapter 408, and require records, books and original loan documents to be maintained at the licensee's main office in the State.

The other new section which this bill would add to Chapter 408, Hawaii Revised Statutes, concerns the construction of the chapter. This section would require that the chapter "be interpreted liberally to ensure the safety and soundness of industrial loan companies" licensed under Chapter 408. It would further direct interpretation of the chapter:

[So as] to prohibit industrial loan companies from engaging in other state regulated businesses not specifically authorized by law for an industrial loan company or other activities which are not customary or closely related to the business of an industrial loan company as determined by the commissioner.

Upon further consideration, your Committee has deleted the statutory construction provision from the bill. Your Committee believes that the provision may be overbroad and may produce unintended results.

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

Your Committee believes that this bill will help to fulfill the credit needs of the community, particularly in areas that do not have access to financial institutions. Loan solicitation offices may provide smaller industrial loan companies with a means to determine whether a need exists for a full-service branch office in certain communities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1887, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1887, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Amaral, Hiraki, Yoshimura and Anderson,
Managers on the part of the House.

Senators Blair, Ikeda, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 79 on S.B. No. 1427

The purpose of this bill is to amend section 269-16, Hawaii Revised Statutes, to require the public utilities commission's appearance in an appeal from its order, only in instances in which there was no adverse party in the case below or when there is no adverse party to the appeal. The bill also appropriates \$150,000 out of the state general revenues to be expended by the division of consumer advocacy, department of commerce and consumer affairs, for a comprehensive study of areas of consumer concern relating to local measured service in telecommunications, including:

- (1) The impacts on residential consumers' cost of telephone service and telephone calling patterns;
- (2) The impacts on public service agencies who utilize telephone communications to provide services;
- (3) The impacts on business cost of telephone service and telephone calling patterns;
- (4) The potential for repression of usage;
- (5) The potential alternatives to local measured service; and
- (6) Other effects of the implementation of local measured service on various subscriber groups.

Your Committee upon further consideration has made the following amendments to S.B. No. 1427, S.D. 1, H.D. 1:

- (1) Added a new Section 2, in accordance with Section 9, Article VII of the Constitution of the State of Hawaii, setting forth the dollar amount and the rate by which the general fund expenditure ceiling is exceeded by the appropriation contained in the bill;
- (2) Renumbered consecutively the remaining sections and changed references in the bill to section numbers to conform to the renumbering; and
- (3) Made a few technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1427, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1427, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Souki, Hiraki, Metcalf, Bellinger and Anderson,
Managers on the part of the House.

Senators Yamasaki, Matsuura and George,
Managers on the part of the Senate.

Conf. Com. Rep. 80 on H.B. No. 231

The purpose of this bill is to extend indefinitely the provisions of Act 2, First Special Session Laws of Hawaii 1986, and to provide limited liability protection to "construction design professionals" from third party liability suits brought by injured workers.

Your Committee has amended this measure by extending the provisions of Act 2, First Special Session Laws of Hawaii 1986, for a period of two years.

Your Committee finds that insurance availability and affordability were major issues in 1986. Since the Tort Reform Law was passed, the crisis has abated. Moreover, the abolition of joint and several liability and the limits on pain and suffering have yet to reveal their full impact since the legal issues involved with those provisions have not been extensively litigated. Your Committee finds it appropriate, however, to extend the law for a period of two years to allow the Legislature to re-evaluate or reassess the efficacy of its provisions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 231, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 231, H.D. 1, S.D. 2, C.D. 1.

Representatives Metcalf, Hirono, Andrews, Cachola, Hagino, Peters, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, Blair, Holt and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 81 on S.B. No. 56

The purpose of this bill is to add a new section to the insurance laws that establishes procedures for the handling of premium waiver claims in the event of total disability of the named insured.

This bill provides that when an insurance policy contains a rider for the waiver of insurance premiums in the event of the total disability of the insured, the waiver shall last for the length of the disability or for the period specified in the rider. To qualify for the waiver, the insured must submit a certificate from the insured's physician that attests to the insured's condition and states how long the condition will last or is expected to last.

If the insurer does not agree with the diagnosis of the insured's doctor, the insurer may order a second test, at the insurer's expense, but must abide by the results of that second diagnosis in order to determine total disability and waiver of premium benefits to be provided. If the insured, in turn, does not agree with the benefits that the insurer agrees to provide, the insured may appeal to the Insurance Commissioner.

Once an insured has been determined to be totally disabled, the insurer may not require further certification of the disability more than once in any three calendar years unless there is evidence of changed circumstances.

This bill also provides that if an otherwise legitimate claim for a premium waiver is filed after expiration of the grace period established in the policy, the insurer shall refund any premiums paid after the date the premium waiver would have been effective if the claim had been filed timely as long as the insured can show a good faith reason for the late filing.

Your Committee has amended this bill by making one non-substantive change to correct a typographical error. On page 2, line 22 the phrase "more often that" is replaced by the phrase "more often than".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 56, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 56, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Shon, Amaral and Cavasso,
Managers on the part of the House.

Senators Blair, Ikeda, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 82 on S.B. No. 1897

The purpose of this bill is to ensure the continued availability of services and programs for elderly adults in the State. Specifically the bill:

- (1) Provides grants for the renovation and improvement of existing adult day health care facilities;
- (2) Provides grants for the development of additional adult day health care facilities and programs; and
- (3) Appropriates funds for the grants for the renovation and improvement of existing day health care facilities and development of additional day health care facilities and programs; and
- (4) Appropriates funds to study ways to provide insurance against or limit the liability of potential providers of adult day health care programs and facilities.

Your Committee has amended this bill by deleting the provisions relating to the grants.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1897, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1897, S.D. 2, H.D. 2, C.D. 1.

Representatives Ihara, Souki, Hayes, Leong and Liu,
Managers on the part of the House.

Senators Yamasaki, McMurdo, Aki, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 83 on S.B. No. 1469

The purpose of this bill is to allow corporations to limit the personal liability of their directors under certain circumstances. This bill also specifies a number of factors which a director may consider in determining the best interests of the corporation.

This bill would enable a corporation to eliminate or limit the personal liability of its directors, in any action for damages brought against a director by the shareholders or the corporation for a breach of fiduciary duty. Adoption of such a provision would require an affirmative vote of two-thirds of the shares having voting power.

Under this bill, liability could not be limited or eliminated for a director's breach of the duty of loyalty to the corporation or its shareholders; acts or omissions not performed in good faith, or which involve intentional misconduct or knowing violation of law, or which constitute a wilful disregard of the director's fiduciary duty; wilful or negligent violation of any provisions of Chapter 415 concerning payment of dividends or stock purchase redemption; any transaction from which the director received an improper benefit; or gross negligence.

This bill would also clarify Section 415-35, Hawaii Revised Statutes, which currently requires the duties of a director to be performed "in the best interests of the corporation". It would add to that section a list of criteria which could be considered in determining the best interests of the corporation, factors external to the corporation, such as the impact of an action on the immediate and neighboring communities, and the economy of the state and nation.

Upon further consideration, your Committee has amended this bill so as to:

- (1) Change the voting requirement for adoption of a provision eliminating or limiting a director's personal liability, to "two thirds of the shares represented at the shareholder's meeting and having voting power; provided that the vote also constitutes a majority of the shares having voting power";
- (2) Provide that a director's personal liability cannot be eliminated or limited for "reckless" disregard of fiduciary duty; and
- (3) Delete the provision which would have disallowed the elimination or limitation of the personal liability of a director for gross negligence.

Your Committee finds that corporations should not be allowed to eliminate or limit the personal liability of their directors for any act or omission which constitutes a reckless disregard of a director's fiduciary duty. The term "reckless disregard", as used in this bill, is not intended to be interpreted as requiring intent or an intentional act, but does include grave misconduct. An example of reckless conduct includes, but is not limited to, attending board meetings while inebriated. The determination of whether an act constitutes reckless disregard of a director's fiduciary duty is a question of fact for the jury and should be determined on a case-by-case basis.

Your Committee believes that this bill will promote a favorable business climate, and will assist corporations in recruiting and retaining qualified directors. This bill will also benefit the public by encouraging directors to consider the ramifications of corporate decisions on the community and economy.

Technical, nonsubstantive amendments have been made to this bill for the purposes of style and clarity.

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

Representatives Hirono, Hiraki, Okamura, Oshiro, Shon and Cavasso,
Managers on the part of the House.

Senators Menor, Blair, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 84 on S.B. No. 1874

The purpose of this bill is to amend the laws relating to condominium property regimes to protect condominium associations from fraudulent or dishonest acts committed by its designated representatives.

Under this bill, condominiums with six or more apartments would be required to secure a fidelity bond of not less than \$20,000 but not more than \$100,000 to cover all officers, directors, employees, and managing agents who handle association funds to protect themselves against unlawful acts committed by any of the aforementioned representatives.

The bill would also require associations to annually register their projects with the Real Estate Commission, and pay registration fees; provide for handling of association funds; provide for disposal of old condominium records; and clarify the qualifications to become a managing agent.

Upon further consideration, your Committee has amended the bill by deleting the reference on page 17, lines 7-11 to recovery from the real estate recovery fund for fraud, misrepresentation, or deceit by a managing agent who is a licensed real estate broker.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1874, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1874, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Oshiro, Shon and Cavasso,
Managers on the part of the House.

Senators Blair, Hagino and George,
Managers on the part of the Senate.

Conf. Com. Rep. 85 on S.B. No. 1187

The purpose of this bill, as received, is to amend the liquor tax statute by deleting the sunset provision of Act 344, Session Laws of Hawaii 1986, and by repealing section 244D-4.5, Hawaii Revised Statutes, the liquor tax rate adjustment formula that is commonly referred to as the "escalator" provision.

Your Committee has amended this bill to retain the liquor tax rate adjustment formula of the liquor tax statute (the "escalator" provision) in section 244D-4.5, Hawaii Revised Statutes. Your Committee has deleted the language of section 244D-4.5(a), Hawaii Revised Statutes, because that subsection refers to time periods that are no longer applicable. The provisions of subsection (b) are designated subsection (a).

Your Committee has added a new subsection (b) to section 244D-4.5, Hawaii Revised Statutes, that sets forth a time period of approximately two years, from the effective date of this Act through June 30, 1991, during which the continued operation of the liquor tax rate adjustment formula and the authority of the department of taxation to administer liquor rate adjustments under section 244D-4.5, Hawaii Revised Statutes, shall be suspended. During this suspension period and until the liquor tax rates are adjusted on July 1, 1992, the liquor tax rates in effect on the date this Act is adopted shall continue to be imposed on liquor. This bill also provides that, notwithstanding the adoption of the suspension period, any liquor tax return reporting requirements set forth in section 244D-6, Hawaii Revised Statutes, are not affected.

Your Committee recommends that the current Tax Review Commission study the present situation regarding the taxation of liquor in this State and that the Commission focus its particular attention on the role of the "escalator" provision. Your Committee also encourages the department of taxation and members of the liquor industry to use the time period during which use of the liquor tax rate adjustment formula is temporarily suspended to review their respective positions on the use of the "escalator" provision.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1187, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1187, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Souki, Hiraki, Oshiro, Cachola, Say and Cavasso,
Managers on the part of the House.

Senators Yamasaki, Fernandes Salling, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi,
Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 86 on S.B. No. 55

The purpose of this bill is to provide for the regulation of long-term care insurance, which was previously addressed by Act 253, Session Laws of Hawaii 1987.

Specifically, the bill establishes standards to be regulated by the Insurance Commissioner for long-term care insurance policies covering medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital. The bill authorizes standards for full and fair disclosure and loss ratio standards for insurance policies.

Your Committee finds that an acute need exists for specific regulations to protect and guide both insurers and subscribers in this relatively new focus of the insurance industry.

Your Committee has amended this bill by:

- 1) Clarifying the requirements for advertising, marketing or offering long-term care insurance;
- 2) Deleting the reference on page 7, line 12 to long-term care service "in an insured individual's home or residence" in the section on prior institutionalization;
- 3) Deleting the severability clause from the proposed language to the Hawaii Revised Statutes, and making it a separate section to be included only in the session laws;
- 4) Renumbering the subsequent sections; and
- 5) Deleting from the enactment clause the requirement that this Act shall be applicable to policies and certificates delivered or issued for delivery on or after the first day of January immediately following the adoption of rules by the insurance commissioner to implement this Act.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 55, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 55, S.D. 1, H.D. 1., C.D. 1.

Representatives Hirono, Shon, Hiraki, Leong, Metcalf and Cavasso,
Managers on the part of the House.

Senators Blair, Ikeda, A. Kobayashi, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 87 on S.B. No. 424

The purpose of this bill is to regulate persons engaged in the profession of social work.

Your Committee has amended this bill by:

- (1) Inserting a new Section -2, entitled "Applicability," which essentially defines the practice of social work, broadening the scope of this bill;
- (2) Rewriting Section -5, concerning discipline, by expanding the class of persons subject to disciplinary action by the Director of Commerce and Consumer Affairs, and by revising the grounds for such disciplinary action;
- (3) Inserting a new Section -8, entitled "Exemptions," which tempers the effect of widening the scope of this bill by clarifying which persons are not subject to its provisions; and
- (4) Making minor language and technical changes which have no substantive effect.

Your Committee would like to clarify that complaints which appear to be workload-related and other complaints relating to management, as opposed to professional competence, would be referred to agencies which have jurisdiction for investigation and resolution.

Your Committee also would like the appropriate employing agencies to maintain, for a three-year study period, records of complaints received directly, in order to have information on the universe of complaints received.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 424, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 424, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Shon, Takamine and Cavasso,
Managers on the part of the House.

Senators Blair, McCartney, Tungpalan and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 88 on S.B. No. 1175

The purpose of this bill is to strengthen and clarify the statutory provisions relating to licensing of massage therapists.

This bill would make the following changes to Chapter 452, Hawaii Revised Statutes:

- (1) Change the title of the administrative board from "Board of Massage" to "Board of Massage Therapy";
- (2) Require mechanical or electrical apparatus used in massage treatment to be approved by the U.S. Food and Drug Administration;
- (3) Clarify the criteria necessary to practice as a massage therapy apprentice;
- (4) Provide a definition of "massage therapist student" to mean "any person who engages in the study or practice of massage therapy who is under the direct supervision of the teacher in a school setting";
- (5) Provide for qualifying to take the licensing examination either by completing an apprenticeship program under a sponsoring licensed massage therapist or by completing a program of schooling approved by the Board;
- (6) Require disclosure by Board members of affiliation with any apprenticeship or other massage therapy training program;
- (7) Require the Board to adopt rules relating to training programs;
- (8) Add "structural kinesiology" as a subject for the preparation of massage therapists; and
- (9) Provide that a forfeited license shall not be restored unless the applicant meets all requirements for the examination, including the training requirement.

Your Committee has amended the bill by providing that massage therapist apprentices who have a permit, or massage therapist students who are acting under the direct supervision of a teacher in a massage school setting, are permitted to engage or attempt to engage in the occupation or practice of massage without a massage therapist license.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1175, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1175, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hayes, Hiraki, Takamine and Cavasso,
Managers on the part of the House.

Senators Blair, Ikeda, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 89 on S.B. No. 1851

The purpose of this bill is to clarify Section 286-106, Hawaii Revised Statutes, to ensure that an original driver's license remains valid for a full two-year or four-year period.

This bill would eliminate ambiguities that presently exist in the statute relating to the expiration of a driver's license.

Your Committee upon further consideration has amended the bill by deleting the maximum time limits imposed on lines 6-7 (five years) and lines 10-11 (three years) on page 1 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1851, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1851, H.D. 2, C.D. 1.

Representatives Oshiro, Metcalf, Souki, Yoshimura and Anderson,
Managers on the part of the House.

Senators Fernandes Salling, Chang and George,
Managers on the part of the Senate.

Conf. Com. Rep. 90 on S.B. No. 1005

The purpose of this bill is to transfer the administration and enforcement of motor and other vehicle inspections from the Department of Transportation to the counties.

The bill would amend Section 286-27, Hawaii Revised Statutes (HRS), pertaining to permits to operate official inspection stations, transferring that function to the counties and requiring that the counties be reimbursed for the costs incurred in providing these services.

Upon further consideration, your Committee has amended the bill to amend Section 286-50, HRS, to allow any bona fide resident of Hawaii to register an out-of-state vehicle if certain requirements are met and by updating statutory references to identification numbers on vehicles by substituting the term "vehicle identification" for the term "serial or engine and factory" numbers throughout Section 286-50.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1005, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1005, H.D. 2, C.D. 1.

Representatives Oshiro, Metcalf, Bybee, Yoshimura and Anderson,
Managers on the part of the House.

Senators Fernandes Salling, Chang and George,
Managers on the part of the Senate.

Conf. Com. Rep. 91 on S.B. No. 544

The purpose of this bill is to provide the Governor with the power, through executive order, to suspend transfers, in whole or in part, from the Highway Special Fund if the Director of Transportation determines that the transfer of funds would result in the Fund's inability to cover its authorized expenditure. This bill also provides for the proper actions to be taken by the Governor should such a problem occur.

Your Committee has amended the bill by adding a new subsection to Section 36-31, Hawaii Revised Statutes, to more clearly accomplish the intent of this measure.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 544, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 544, H.D. 2, C.D. 1.

Representatives Oshiro, Souki, Baker, Kotani and Marumoto,
Managers on the part of the House.

Senators Fernandes Salling, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 92 on H.B. No. 744

The purpose of this bill is to provide the Governor with the power, through executive order, to suspend transfers, in whole or in part, from the Highway Special Fund if the Director of Transportation determines that the transfer of funds would result in the Fund's inability to cover its authorized expenditure. This bill also provides for the proper actions to be taken by the Governor should such a problem occur.

Your Committee has amended the bill by adding a new subsection to Section 36-31, Hawaii Revised Statutes, to more clearly accomplish the intent of this measure.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 544, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 544, H.D. 2, C.D. 1.

Representatives Hirono, Bellinger, Hiraki, Shon and Cavasso,
Managers on the part of the House.

Senators Blair, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 93 on H.B. No. 796

The purpose of this bill is to increase the fines and penalties for violation of the provisions of Chapter 431, Article 10C, Hawaii Revised Statutes, concerning motor vehicle insurance.

Currently, under Section 431:10C-117(a)(2), Hawaii Revised Statutes, any person subject to Article 10C in the capacity of the operator, owner or registrant of a motor vehicle in this State or registered in this State, who violates a provision of the article, is subject to a citation by the police department and a fine of not less than \$100 nor more than \$1,000. This bill would increase the maximum fine under Section 431:10C-117(a)(2), Hawaii Revised Statutes, to \$5,000.

Current law also provides that if a person is convicted of not having a no-fault policy in effect at the time of the citation issued, the person will be fined \$100 for the first offense and a minimum of \$400 for each subsequent offense. This bill would increase the foregoing sums to \$1,000 and \$3,000, respectively. This bill would also add a provision suspending the driver's licenses of the driver and registered owner of a car for one year, for a subsequent offense of driving without a valid no-fault policy.

Further, this bill would require a person convicted of not having a no-fault policy in effect at the time the citation was issued, to surrender the license plates of the uninsured motor vehicle to the appropriate county director of finance. If the person fails to surrender the license plates within ten days, the police would remove and impound the plates. The registered owner would be subject to an additional fine of between \$300 and \$500 and would be barred from reclaiming the plates or obtaining new ones unless proof of insurance is shown. If such proof is shown, the plates could be reclaimed upon paying a \$100 fee. All fines so collected would be transmitted to the appropriate county director of finance to defray the county's costs of administering the license plate surrender program.

Upon further consideration, your Committee has deleted the provision for the license plate surrender program. Your Committee questions the propriety of requiring collected fines to be transmitted to the counties. Your Committee understands that because of the level of county involvement which the program would require, the City and County of Honolulu, Department of Finance has reservations about implementing this program if it would not receive the revenue collected from the fines.

Your Committee understands that nearly twenty percent of Hawaii's drivers are uninsured. The stiffer penalties proposed by this bill, as amended, should convince many uninsured drivers that it is not worth the risk to continue operating their motor vehicles in violation of the law.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 796, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 796, S.D. 1, C.D. 1.

Representatives Hirono, Metcalf, Bellinger, Hiraki and Anderson,
Managers on the part of the House.

Senators Blair, Ikeda, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 94 on S.B. No. 195

The purpose of this bill is to establish, within the Department of Health for administrative purposes, an architectural access committee to ensure equal access to public buildings for persons with disabilities. This bill also requires that state and county buildings and facilities conform to the Uniform Federal Accessibility Standards established under 41 C.F.R., Subpart 101-19.6, Appendix A. The architectural access committee shall have the authority to vary specific requirements to allow for variances from the federal standards.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 195, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 195, S.D. 1, H.D. 1, C.D. 1.

Representatives Shon, Metcalf, Leong, Hayes, Duldulao and Liu,
Managers on the part of the House.

Senators Blair, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 95 on S.B. No. 1250

The purpose of this bill is to fund the community-based Hawaiian Health Coalition, as defined in the federal Native Hawaiian Health Care Act of 1988.

Your Committee finds that these funds are necessary to commence planning for the coalition to qualify for the federal matching funds that will be available in the next fiscal year.

This bill also states the reasons, the amount, and the rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee has amended this bill to designate the "office of Hawaiian health" in the department of health in Section 4 of the bill as the expending agency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1250, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1250, S.D. 1, H.D. 1, C.D. 1.

Representatives Shon, Kanoho, Amaral, Isbell, Leong and Cavasso,
Managers on the part of the House.

Senators Yamasaki, Levin, Fernandes Salling, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 96 on H.B. No. 219

The purpose of this bill is to extend the beauty culture law, Chapter 439, Hawaii Revised Statutes, to December 31, 1995, with certain amendments to improve the regulation of this profession in Hawaii.

Under this bill, Chapter 439, Hawaii Revised Statutes, would be amended so as to:

- (1) Require licensing rather than certification of beauty operators and cosmetology schools;
- (2) Require that at least one member of the Board of Cosmetology be from a neighbor island;
- (3) Change the experience requirement for instructor-trainees from three years as a registered beauty operator, to one year;
- (4) Change the active service requirement for instructor applicants from three years as a registered beauty operator in the State or another jurisdiction with substantially equivalent standards, to one year;
- (5) Recognize beauty training obtained in another jurisdiction which is substantially equivalent to the training available in this State;
- (6) Allow an applicant who fails an initial examination administered under Chapter 439 to file another application with the professional testing service which prepares and provides the examinations, rather than with the Board;
- (7) Delete the provision of Section 439-17, Hawaii Revised Statutes, that allows the Board to waive the requirement that the registered managing operator of a beauty shop have practiced in the State for at least one year, upon a showing of hardship created by the requirement, and equivalent experience;
- (8) Require filing of an application together and fees upon the transfer ownership, change in beauty shop name, and relocation of a beauty shop;
- (9) Require schools of cosmetology to be licensed by, rather than registered with, the Board; and
- (10) Expressly require that all schools have sufficient equipment and adequate facilities as prescribed by the rules of the Board.

Upon further consideration, your Committee has amended this bill by deleting its purpose provision, Section 1. This provision no longer accurately states the various amendments which have been made to the bill. Remaining sections of the bill have been renumbered accordingly.

Your Committee also considered a proposed amendment which would have deleted subsection (c), Section 439-3, Hawaii Revised Statutes, which requires that Board members disclose their respective affiliations, if any, with schools teaching any of the classified occupations, and adhere to the standards of conduct of Chapter 84, Hawaii Revised Statutes. Under the proposed amendment, a provision would have been inserted which would prohibit Board members from membership or affiliation with any school teaching any of the classified occupations. Your Committee understands that

the current disclosure requirement was imposed two years ago, and believes that it therefore is premature to alter the existing provision.

Technical, nonsubstantive amendments have also been made to this bill to correct typographical errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 219, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 219, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hayes, Hiraki and Cavasso,
Managers on the part of the House.

Senators Blair, Chang, Hagino, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 97 on H.B. No. 1597

The purpose of this bill is to clarify and expand the definition of "specialty contractor" under the contractors law, Section 444-7, Hawaii Revised Statutes.

A specialty contractor is currently defined in Section 444-7 (d), Hawaii Revised Statutes, as "a contractor whose operations as such are the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or crafts." This bill would amend Section 444-7 (d) by expressly listing electrical, drywall, painting and decorating, landscaping, flooring, carpet laying, plumbing, and roofing work as examples of special skills.

Upon further consideration, your Committee has amended this bill by expanding the phrase, "carpet laying" to read, "carpet laying by any installation method." Your Committee seeks to clarify that the requirement for licensure as a carpet laying contractor shall include a person who installs carpet using the tackless strip method.

Your Committee believes that this bill will help resolve disputes as to the type of work covered by the term, "specialty contractor".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1597, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1597, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hiraki, Oshiro and Cavasso,
Managers on the part of the House.

Senators Blair, McCartney, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 98 on H.B. No. 748

The purpose of this bill is to strengthen and clarify the licensing and certification requirements under Chapters 453 and 463E, Hawaii Revised Statutes, relating to medicine and surgery, and podiatry.

Specifically, this bill would:

- (1) Add a new section to Chapter 453, Hawaii Revised Statutes, Part II, relating to emergency medical services personnel. This section would specify when these professionals must reregister with the Board of Medical Examiners, set forth the requirements for reregistration, provide for the automatic termination of a certificate that has been forfeited for one renewal term, and provide that a license so terminated cannot be restored and requires a new application for licensure;
- (2) Clarify that physicians licensed under the limited and temporary license provisions of Section 453-3, Hawaii Revised Statutes, are exempt from the physician assistant certification requirement;
- (3) Specify when a certified physician assistant must reregister with the Board of Medical Examiners, set forth the requirements for reregistration, provide for the automatic termination of a certificate that has been forfeited for one renewal term, and provide that a license so terminated cannot be restored and requires a new application for certification;
- (4) Provide for automatic termination of a license issued under Chapters 453 or 463E, Hawaii Revised Statutes, that has been forfeited for one renewal term, and provide that a license so terminated cannot be restored and requires a new application for licensure; and
- (5) Authorize the Board of Medical Examiners to impose special conditions for licensure under Chapter 453 or 463E, Hawaii Revised Statutes, if the applicant has a history of medical discipline in his or her respective field, or reveals a physical or mental condition that would constitute a cause for disciplinary action.

Upon further consideration, your Committee has amended H.B. No. 748, H.D. 1, S.D. 1, as follows:

- (1) Eliminated redundancies in Sections 453E-5 and 453-6, Hawaii Revised Statutes, by amending these sections to require reregistration with the Board "no later than January 31, of each even numbered year", instead of "biennially in each even-numbered year, not later than January 31"; and
- (2) Clarified the circumstances under which conditional licensure under Chapter 453, Hawaii Revised Statutes, is permissible, by replacing the phrase, "if the applicant has a history of medical discipline" with the phrase, "[i]f disciplinary action related to the practice of medicine has been taken against the applicant in any jurisdiction that would constitute a violation under this section. . ."

A comparable amendment has been made with respect to the provision for conditional licensure under Chapter 463E, Hawaii Revised Statutes.

Technical, nonsubstantive amendments have also been made to this bill to correct typographical errors, and for stylistic purposes.

Your Committee finds that these amendments will strengthen the ability of the State to protect the general public through appropriate licensure and certification of medical personnel.

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

Representatives Hirono, Andrews, Hayes, Hiraki and Cavasso,
Managers on the part of the House.

Senators Blair, McCartney, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 99 on H.B. No. 80

The purpose of this bill is to appropriate funds totaling \$250,000 for the 1989-1991 biennium to the University of Hawaii for expansion of visitor industry training and educational programs in expanding resort areas on all islands.

Your Committee has amended Section 1, page 2 and Section 5, page 3 of this bill to make the Department of Labor and Industrial Relations the expending agency for this money. Your Committee feels that this innovative new program may receive more attention from the Department of Labor and Industrial Relations than it would as one small part of the many large initiatives within the University of Hawaii. In addition, your Committee has added a new section requiring the Department of Budget and Finance to evaluate the visitor industry education and training program and report to the Legislature at least twenty days prior to the ending of the 1990 Regular Session. A new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has also been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 80, H.D. 1, S.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.B. No. 80, H.D. 1, S.D. 1, C.D. 1.

Representatives Cachola, Souki, Baker, Kotani, Yoshimura and Anderson,
Managers on the part of the House.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George,
Managers on the part of the Senate.

Conf. Com. Rep. 100 on H.B. No. 1156

The purpose of this bill is to appropriate funds to establish a pilot state capitol tours and information services program and to establish an interim committee to determine the scope of this program.

Your Committee finds that the Sergeant-at-Arms Office of the House of Representatives currently conducts tours of, and provides information on, the State Capitol. However, as the number of visitors to our State increases, the demand for these tours and information will also increase, thus exceeding the resources of the Sergeant-at-Arms Office. To continue to provide the visitors of the State, and residents alike, with these tours and information it is necessary that these services be expanded.

Your Committee has amended this bill by inserting a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1156, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1156, H.D. 2, S.D. 1, C.D. 1.

Representatives Fukunaga, Kanoho, Apo, Chang, Kotani and Marumoto,
Managers on the part of the House.

Senators Tungpalan, A. Kobayashi, Fernandes Salling, Hagino and Reed,

Managers on the part of the Senate.

Conf. Com. Rep. 101 on S.B. No. 1344

The purpose of this bill is to take prompt, strong, local action to decrease the amount of chlorofluorocarbons (CFCs) from escaping into the atmosphere by prohibiting over-the-counter sales of refrigerants, raising the standards of repair facilities, and promoting recovery and recycling of CFCs in Hawaii.

It is also the intent of your Committee that in adopting rules for this bill, the Office of Consumer Protection, the Motor Vehicle Repair Industry Board, and the Contractors License Board require all businesses that service air conditioners to purchase refrigerant recovery and recycling equipment in order to receive or renew their business license registration.

The rules adopted by the Department of Health, the Office of Consumer Protection, the Motor Vehicle Repair Industry Board, and the Contractors License Board should require that all equipment meet the Air Conditioning and Refrigeration Institute's purity standards for recovered and recycled refrigerants or similar standards to ensure that only equipment of the highest quality are utilized.

The United States Environmental Protection Agency intends to closely monitor progress toward recycling of CFC refrigerants and intends to develop mandatory regulations requiring recycling in all service shops by 1992 if needed.

Your Committee has amended the definition of "refrigerant recovery and recycling equipment" by deleting the disjunctive language for clarification purposes.

Your Committee has also changed the effective date of this bill to January 1, 1991. Your Committee finds that a two-year phase-in of the recovery equipment requirement is sufficient to allow equipment manufacturers time to properly service the demand.

Your Committee on Conference is in accord with the intent and purpose of S.B. NO. 1344, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. NO. 1344, S.D. 1, H.D. 1, C.D. 1.

Representatives Andrews, Kanoho, Hiraki, Bellinger and O'Kieffe,
Managers on the part of the House.

Senators Ikeda, B. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 102 on H.B. No. 1920

The purpose of this bill is to amend Section 291-35, Hawaii Revised Statutes, to decrease the maximum allowable axle load and wheel load on vehicles traveling on any public road, street, or highway. This bill also amends the present formula used for determining the maximum allowable total gross weight imposed on interstate highways by any group of two or more consecutive axles on a vehicle or combination of vehicles.

Your Committee finds that reducing the maximum allowable axle and wheel loads on motor vehicles will reduce the stress imposed on the State's highway facilities and thereby substantially increase the life of the pavement structure.

Your Committee upon further consideration has made the following amendments to H.B. No. 1920, H.D. 1, S.D. 1:

- (1) The present formula, $W = 500(N-1 + \frac{LN}{12} + 36)$, used for determining the maximum allowable total gross weight imposed on interstate highways by any group of two or more consecutive axles on a vehicle or combination of vehicles, has been retained;
- (2) In Section 291-35(3), retained the existing statutory language without the S.D. 1 amendments; and
- (3) Technical, nonsubstantive changes in the interests of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1920, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1920, H.D. 1, S.D. 1, C.D. 1.

Representatives Oshiro, Bybee, Hirayama, Horita and Marumoto,
Managers on the part of the House.

Senators Fernandes Salling, Nakasato and George,
Managers on the part of the Senate.

Conf. Com. Rep. 103 on H.B. No. 1827

The purpose of this bill is to authorize the Department of Transportation to regulate the transportation of hazardous materials, hazardous wastes, hazardous substances, and etiologic agents by motor carriers. It further requires that the

Department of Transportation adopt the hazardous materials regulations established by the United States Department of Transportation and permits inspection by enforcement personnel appointed by the Director of Transportation.

Your Committee, upon further consideration, has amended this bill by:

- 1) Requiring that the fire department of the county in which an intrastate transfer of explosives is to occur be notified;
- 2) Establishing that the police department and the fire department in which an intrastate transfer of explosives is to occur are to be given a forty-eight hour minimum advance written notice; and
- 3) Changing the word "section" to the word "part" on page 9, line 18 of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1827, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1827, S.D. 1, C.D. 1.

Representatives Oshiro, Shon, Metcalf, Andrews and Anderson,
Managers on the part of the House.

Senators Fernandes Salling, Levin and George,
Managers on the part of the Senate.

Conf. Com. Rep. 104 on H.B. No. 821

The purpose of this bill is to facilitate the disposal of abandoned vehicles. This bill also provides for the removal of any vehicle left unattended for more than forty-eight hours without the proper authorization of the owner or custodian of the property.

Your Committee finds that it is often not cost-effective to have an independent appraiser determine whether the value of an abandoned vehicle is less than the threshold set by statute to allow for the disposal of the vehicle without public auction. Since independent appraisers normally charge a fee of approximately \$50.00 per vehicle, and the value of the vehicle sold is often less than \$50.00, the vehicles often do not cover the expense of hiring an independent appraiser.

Your Committee also finds that under present circumstances a vehicle reported as abandoned receives a citation after 24 hours and does not get towed until 48 hours after receiving the citation. Within 5 working days after the tow, a certified letter is sent to the registered and legal owner of the vehicle. The owner is then given 20 additional days to claim the vehicle from the tow contractor. The entire process, from issuing a citation until the vehicle is auctioned, may take from 50 to 60 days, during which time the owner may claim the vehicle. Vehicles which are sold at auction are held at holding areas on the average of 50 days, taking up expensive storage space.

Your Committee further finds that private owners continue to face difficulty with legally removing abandoned vehicles from their property. These owners are not authorized to remove the vehicles no matter how long they have been abandoned if no signs prohibiting parking have been posted. Your Committee agrees that this is a growing problem that needs to be legislatively addressed. Your Committee finds, however, that the Attorney General's office has advised that towing vehicles left in areas where no notices prohibiting parking have been posted infringes on the owner of the vehicle's right to due process.

Your Committee has amended this bill by eliminating the need for an independent appraiser to determine whether the value of an abandoned vehicle is less than the threshold set by statute to allow for the disposal of the vehicle without public auction. Your Committee has further amended this bill to delegate such authority to the director of finance or an authorized representative.

Your Committee, after counsel with the Attorney General's office, has further amended this bill by removing the suggested amendments to Section 290-11, Hawaii Revised Statutes, that would have permitted the disposal of vehicles left unattended for more than 48 hours in areas where no notice is posted. Your Committee has further amended this bill by deleting Section 6 which contained a severability clause.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 821, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 821, H.D. 2, S.D. 1, C.D. 1.

Representatives Oshiro, Metcalf, Bybee, Yoshimura and Anderson,
Managers on the part of the House.

Senators Fernandes Salling, Levin and George,
Managers on the part of the Senate.

Conf. Com. Rep. 105 on H.B. No. 435

The purpose of this bill is to strengthen Section 291C-131, Hawaii Revised Statutes, regarding the transportation of loads. This bill adds rocks and boulders to the types of loads that must be covered during transport by tarpaulins, canopies, or other materials to prevent the load from escaping. In addition, this bill provides that vehicles transporting loads consisting of dirt, sand, or gravel would not have to cover their loads if the load, where it contacts the sides, front, and rear of the cargo container area, remains twelve inches below the upper edges of the cargo container area, and if the

load does not extend, at its peak, above any point on a horizontal plane equal in height to the top of the side, front or rear part of the cargo container area that is the least in height.

Your Committee finds that loads consisting of rocks and boulders would be difficult to restrain using tarpaulins and canopies. However, your Committee finds that should loads consisting of rocks, stones, and boulders be prohibited from extending above any point on a horizontal plane equal in height to the top of the side, front, or rear part of the cargo container area that is the least in height, the potential for the spilling of rocks, stones, and boulders onto highways would be reduced significantly.

Your Committee, upon further consideration, has made the following amendments:

- 1) Requiring that vehicles transporting granular loads consisting of dirt, sand, or gravel: a) cover their loads with a cargo net, tarpaulin, canopy, or other material designed to cover the load to prevent the load from escaping the vehicle; or b) load the material such that the load, at its peak, does not extend above any point on a horizontal plane equal in height to the top of the side, front, or rear part of the cargo container area that is least in height.
- 2) Removing the bill's amendment to present statutes which would have required loads consisting of dirt, sand, or gravel to be covered unless the load, where it contacts the sides, front, and rear of the cargo container area, remained twelve inches below the upper edge of the cargo container area.
- 3) Prohibiting the transportation of loads consisting of rocks, stones, or boulders if the load, at its peak, extends above any point on a horizontal plane equal in height to the top of the side, front, or rear part of the cargo container area that is least in height.
- 4) Minor, technical amendments in the interests of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 435, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 435, H.D. 1, S.D. 1, C.D. 1.

Representatives Oshiro, Bybee, Hirayama, Horita and Marumoto,
Managers on the part of the House.

Senators Fernandes Salling, Nakasato and George,
Managers on the part of the Senate.

Conf. Com. Rep. 106 on S.B. No. 1321

The purpose of this bill is to require the office of state planning to develop a statewide plan to control violent behavior, which shall include coverage of victims of abuse, abusers, and elderly victims. The office shall review and draft legislation, research and develop programs to prevent abuse, provide technical assistance for a coordinated plan to control violent behavior, and assist county police departments by developing and providing resources to deal with abuse.

Your Committee finds that violent behavior is a serious problem in our society, and that the current fragmented approach to solving it can be improved by using the coordinated and unified plan and programs established in this bill.

Your Committee has amended this bill by changing the appropriation from \$150,000 for the fiscal biennium 1989-1991 to \$100,000 for fiscal year 1989-90. Your Committee also amended the section concerning the state general fund expenditure ceiling to reflect the change in the appropriation amount, and the fact that this appropriation will cause the expenditure ceiling to be exceeded by 0.0043 per cent, rather than 0.0064 per cent.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1321, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1321, H.D. 2, C.D. 1.

Representatives Arakaki, Fukunaga, Amaral, Duldulao, Hayes, M. Ige, Kawakami and Cavasso,
Managers on the part of the House.

Senators A. Kobayashi, Holt, Menor, Tungpalan and George,
Managers on the part of the Senate.

Conf. Com. Rep. 107 on H.B. No. 646

The purpose of this bill is to appropriate funds for the 1989-91 biennium budget of the Office of Hawaiian Affairs (OHA).

Your Committee carefully examined the biennial budget request submitted by OHA and made provisions for those program activities which clearly addressed the achieving of OHA's goals and objectives. In its review, your Committee was well aware of the areas of concern, and provided the necessary appropriations for the new Administrator to carry out the duties and responsibilities of OHA and most important, improve its image with the Hawaiian community and its working relationship with other public and private agencies.

Your Committee recognizes the need for OHA to address the health problems and health needs of Hawaiians by providing funds to create an organization to be known as "Papa Ola Lokahi" the purpose of which is to develop a Native

Hawaiian (no blood quantum) comprehensive health care master plan. Public Law 100-579 calls for an estimated \$19,600,000 of federal funds to be expended over a four year period for a major Hawaiian health care program.

Your Committee has addressed OHA's concern for reparations by providing funds for the refinement of the draft legislation and supporting documentation. In addition, funds have been provided to plan and develop OHA's proposal to resolve identified controversies relating to the Hawaiian home lands trust and the native Hawaiian public trust.

As in prior sessions, your Committee recommends that OHA's board should reaffirm its primary role of serving the Hawaiian community as a whole and focus mainly on establishing policies, formalizing its policy making process, developing and improving external relationships, and improving its overall effectiveness. Further, the board should delegate more control to its new administrator and establish clearer lines of authority.

In addition, your Committee strongly 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 Conference is in accord with the intent and purpose of H.B. No. 646, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 646, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, D. Ige, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 108 on S.B. No. 2004

The purpose of this bill is to provide supplemental grants of \$25,000 to awardees of Phase I grants from the Small Business Innovation Research (SBIR) program of the federal government.

The supplemental state grants envisioned would provide Hawaii-based businesses an incentive to pursue other SBIR awards that would, in turn, expand the amount of innovation and research in the State.

Your Committee upon further consideration has made the following amendments to S.B. No. 2004, S.D. 1, H.D. 2:

- (1) Stating that the appropriations contained in this bill exceed the state spending limit by \$250,000, or 0.011 per cent.
- (2) Raising the appropriation for the high technology research and development fund to \$250,000.

In addition, your Committee has made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2004, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2004, S.D. 1, H.D. 2, C.D. 1.

Representatives D. Ige, Souki, Bellinger, Kanoho, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Chang, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 109 on S.B. No. 750

The purpose of this bill is to increase the compensation of members of the Board of Trustees of the Office of Hawaiian Affairs for each day's attendance at meetings from \$50 to \$100.

Your Committee has amended this bill by adding a new section 2 which indicates that the amount appropriated by this bill will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by \$13,950, or 0.00059 per cent. This amendment is provided in accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes.

Your Committee has also amended the appropriations section to appropriate \$13,950 from general funds and \$13,950 from special funds in fiscal year 1989-1990 and \$13,950 from general funds and \$13,950 from special funds for fiscal year 1990-1991 which shall be expended by the Office of Hawaiian Affairs. Sections 2 through 4 have been renumbered to sections 3 through 5.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 750, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 750, S.D. 2, H.D. 2, C.D. 1.

Representatives D. Ige, Fukunaga, Isbell, Kanoho and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, Crozier and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 110 on S.B. No. 678

The purpose of this bill is to require each operator of a transient accommodation, as a condition precedent to the business of furnishing transient accommodations, to register with the department of taxation and pay a one-time \$20 registration fee for each transient accommodation registered.

The bill requires any person registering or holding a certificate of registration under chapter 237D, Hawaii Revised Statutes, before January 1, 1990, to pay a one-time registration renewal fee of \$20 on or before January 31, 1990.

The registration will be effective until canceled in writing and application for reissuance of a previously canceled registration identification number after December 31, 1989, will be considered a new registration application and will be subject to the payment of the one-time registration fee of \$20.

Currently, transient accommodations operators are required to register and obtain a certificate of registration, including the payment of a \$1 fee on an annual basis. Your Committee finds that this bill alleviates the administrative burden placed on both the department of taxation and taxpayers by eliminating the need for the department to issue annual renewal notices and facilitating the tracking of computerized registration information.

Your Committee, upon further consideration, has amended the one-time payment amount by changing the fee schedule to \$5 for each registration of transient accommodations consisting of one to five units, and \$15 for transient accommodations consisting of six or more units. Your Committee has further amended the bill to require that acquisition of additional units after payment of the one-time fee not result in additional fees.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 678, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 678, S.D. 1, H.D. 1, C.D. 1.

Representatives Cachola, Tajiri, Baker, Bybee, Hirayama and Anderson,
Managers on the part of the House.

Senators Holt, Ikeda and George,
Managers on the part of the Senate.

Conf. Com. Rep. 111 on H.B. No. 1826

The purpose of this bill is to create a special fund for the construction and improvement of public school facilities. The sum of \$90 million for each of seven years shall be deposited in the special fund from general excise tax revenues.

Your Committee finds that new school facilities must be constructed in the near future to accommodate projected enrollment increases and to replace old buildings. The physical environment impacts significantly upon the overall educational climate, and adequate facilities must be made available if the State is to be serious about achieving excellence in education.

A technical, nonsubstantive amendment has been made for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1826, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1826, H.D. 1, S.D. 1, C.D. 1.

Representatives Tam, Souki, M. Ige, Kawakami, Lee, Stegmaier and Hemmings,
Managers on the part of the House.

Senators Yamasaki, B. Kobayashi, Aki, Hagino, A. Kobayashi, McCartney and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 112 on S.B. No. 31

The purpose of this bill is to establish a legislative advisory committee within the office of the legislative auditor to provide the legislature with technical advice. The bill provides for an eleven-member committee to be appointed jointly by the president of the senate and the speaker of the house of representatives.

Your Committee has amended the bill as follows:

- (1) The membership of the advisory committee has been increased to fifteen members;
- (2) The advisory committee is to have co-chairpersons who shall be the chairpersons of the legislative management committees of both houses, rather than a chairperson appointed by the presiding officers;

- (3) The language in paragraph (2) of the powers and duties section has been changed to require that the commission respond to legislative requests for information within guidelines established by the legislative management committees;
- (4) The appropriation amount has been decreased from \$100,000 to \$75,000 and Section 4 has been appropriately amended to reflect the correct amounts by which this bill will exceed the state general fund expenditure ceiling; and
- (5) Section 7 has been amended to provide for an effective date upon approval except for the appropriation section which will become effective on July 1, 1989.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 31, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 31, S.D. 1, H.D. 2, C.D. 1.

Representatives Fukunaga, Souki, Baker, Kotani and Liu,
Managers on the part of the House.

Senators Hagino, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 113 on S.B. No. 636

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 4 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 4 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 4; (3) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; and (4) add, to Sections 3 and 5, a proviso that the allocation of the funds appropriated or authorized by this bill be subject to the ratification of the collective bargaining agreement for unit 4 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 636, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 636, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 114 on S.B. No. 1975

The purposes of this bill are to (1) include narcotics enforcement investigators of the department of the attorney general in the same retirement class as firefighters, police officers, corrections officers, and investigators of the prosecuting attorney and the department of the attorney general, and (2) clarify that investigators of the prosecuting attorney and the department of the attorney general receive the same retirement allowance as firefighters, police officers, and corrections officers.

Your Committee has amended the bill as follows:

- (1) The definition of "narcotics enforcement investigators" has been clarified to mean to officers with police powers as defined by chapter 329, Hawaii Revised Statutes;
- (2) Sections 5 and 6 have been amended to include investigators of the department of the attorney general; and
- (3) Section 6 has been amended to make the filing of the statement by July 1, 1990 mandatory.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1975, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1975, S.D. 1, H.D. 3, C.D. 1.

Representatives Takamine, Metcalf, Souki, Baker, Horita, Okamura and Marumoto,
Managers on the part of the House.

Senators Nakasato, A. Kobayashi, Hagino, Menor and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 115 on S.B. No. 1551

The purpose of this bill is to provide that any employee of the State or a county, who has had prior military service for which the member is not eligible to receive a military pension, the option to purchase membership service credit in the employees' retirement system. More specifically, the bill will:

- (1) Allow an employee to purchase two years membership service credit in the employees' retirement system after the employee has worked for the State or county for eight years;
- (2) Allow an employee to purchase up to three years membership service credit in the employees' retirement system after the employee has worked for the State or county for twenty years; and
- (3) Allow an employee to purchase up to four years membership service credit in the employees' retirement system after the employee has worked for the State or county for twenty-five years.

This bill provides noncontributory members of the employees' retirement system the same opportunity as contributory members for the acquisition of military service credit.

Your Committee has amended this bill to exclude service in the reserves or National Guard unless that service was in time of war or declared emergency. The amendment also provides for forfeiture and loss of benefits for such military service for any violation of this section.

Your Committee has also amended Section 3 to delete the phrase "and shall be effective to the extent permissible under applicable federal laws and regulations".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1551, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1551, S.D. 2, H.D. 2, C.D. 1.

Representatives Takamine, Metcalf, Souki, Horita, Tajiri, Taniguchi and Anderson,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 116 on S.B. No. 1297

The purpose of this bill is to establish the Office of Tourism within the Department of Business and Economic Development.

The Office of Tourism would develop and market the State's visitor industry and carry out other duties and responsibilities relating to coordination and implementation of long-range tourism policies, coordination with the private sector, research, technical assistance to the private sector, and other duties currently placed with the Tourism Branch of the Department of Business and Economic Development. In addition, the functions, duties, equipment, etc. of the Tourism Branch would be transferred to the Office of Tourism established by this measure.

Your Committee finds that this centralized approach to management and development of the State's crucial visitor industry will ensure that tourism activities are carried out with maximum efficiency, efficacy, and accountability.

Your Committee has amended this bill as follows:

- (1) Established the Hawaii Tourism Commission within the Department of Business and Economic Development consisting of seven commissioners who shall establish state tourism policy, approve actions of the Office of Tourism, and carry out other functions relating to oversight and development of the State's tourism program;
- (2) Provided that the tourism administrator, rather than the Director of Business and Economic Development, shall contract with the HVB and other visitor industry organizations for tourism promotion, marketing, and development, subject to the approval of the Commission;
- (3) Changed "visitor industry organization" to "contractor" on page 3, lines 18-19; and
- (4) Deleted the unnecessary reference to the Department of Business and Economic Development on page 10, line 21 since the Office of Tourism is already established within the Department.

Your Committee has also made several nonsubstantive technical, language, and formatting changes while retaining the substantive provisions relating to the duties and establishment of the Office of Tourism.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1297, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1297, H.D. 2, C.D. 1.

Representatives Cachola, Baker, Hirayama, Kotani, Tajiri, Tom and Anderson,
Managers on the part of the House.

Senators A. Kobayashi, Holt and George,
Managers on the part of the Senate.

Conf. Com. Rep. 117 on S.B. No. 645

The purpose of this bill is to provide fund authorizations and appropriations for salary and other adjustments for fiscal biennium 1989-1991 for state officers and employees who are excluded from collective bargaining.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; and (3) insert, in Sections 2, 4, and 6, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for excluded employees.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 645, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 645, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 118 on S.B. No. 1165

The purpose of this bill is to prohibit the operation of thrill craft and parasailing from areas designated by the Department of Transportation during periods when endangered or threatened species of marine life may be adversely affected by the operation of thrill craft and parasailing.

Data presented to your Committee suggests that certain endangered marine species such as the humpback whale and green sea turtle may be threatened by current thrill craft and parasailing operations. In addition, it has also been suggested that the operation of thrill craft and parasailing may be harmful to other marine life and the ocean ecosystem. Your Committee has learned that this potential problem has prompted the National Marine Fisheries Service to request a number of rule amendments to the State Ocean Recreation Management Plan in order to ensure the continued protection of the humpback whale. Your Committee also finds that because areas such as Kaneohe and Maunalua Bays are heavily utilized by the public, it has been proposed that all commercial ocean recreation activities be banned on weekends and holidays.

Your Committee also finds that baseline data in the form of a statewide inventory and assessment of the State's near shore waters should also be given serious consideration by the Department for inclusion in the Ocean Recreation Management Plan. By necessity, such an assessment will include data which accurately describes the individual environmental, ecological, and archaeological features of different ocean areas. With this information, decisions regarding the recreational uses of certain ocean areas can be made in light of objective scientific research and analysis.

Your Committee has substantially amended this bill to authorize the Department to incorporate into its rules time periods during which thrill craft and parasailing activities may operate within the designated areas. This amendment greatly expands the management options available to the Department. First of all, it allows the Department to address the recommendations of the National Marine Fisheries Service by suspending thrill craft and parasailing activities during "whale season" and at times when such activity would adversely impact the green sea turtle and other threatened and endangered marine life. Secondly, this amendment allows the Department to initiate the suspension of thrill craft and parasailing activities during periods such as weekends and holidays when areas such as Kaneohe and Maunalua Bays are heavily utilized by others, thereby improving overall public safety and minimizing conflicting uses. And thirdly, this amendment also allows the Department more flexibility when responding to other types of environmental complaints such as excessive noise being generated by these activities. Based on this amendment, the Department would be able to restrict such activities to certain hours of the day when neighboring residents would be less likely to be irritated by such noise.

Your Committee has further amended this bill by imposing a one-year moratorium retroactive to January 1, 1989, on the issuance of any new certificate of number for any thrill craft for commercial use or vessel used for parasailing. Your Committee believes that the moratorium on new commercial activities will allow the Department needed time to re-evaluate its rules on thrill craft and parasailing activities by considering: the maximum desirable number of permits to issue; further research findings on the impact of these activities on marine life and other aspects of the environment; and ways to better schedule activities in order to minimize conflicts. The moratorium will also allow the Department additional time to hire, train, and equip more enforcement officers and to evaluate alternative ways to allocate its manpower resources in the most efficient manner.

The bill has also been amended to statutorily prohibit the transfer of any commercial use and operator permits issued by the Department for commercial thrill craft and parasailing activities from one commercial enterprise to another.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1165, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1165, S.D. 1, H.D. 1, C.D. 1.

Representatives Bunda, Oshiro, Baker, Hiraki, Kanoho and O'Kieffe,
Managers on the part of the House.

Senators Holt, Fernandes Salling and George,
Managers on the part of the Senate.

Conf. Com. Rep. 119 on H.B. No. 1778

The purpose of this bill is to appropriate \$1,112,500 to the Department of Transportation for the restoration of the sandy beaches between the Waikiki Aquarium and Fort DeRussy. All sums expended are required to be matched on a dollar-for-dollar basis by the City and County of Honolulu.

Your Committee finds that Waikiki Beach is one of the State's most valuable assets and is used by residents and tourists alike. This area of beach has eroded over the years and needs immediate restoration and improvement before further damage occurs.

Upon further consideration, your Committee has amended the bill by:

- (1) Appropriating \$1,000,000;
- (2) Deleting the dollar-for-dollar matching requirement by the City and County of Honolulu; and
- (3) Adding a new section stating the reasons why and the amount and rate by which the appropriation contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1778, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1778, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Isbell, Kanoho, Say and Liu,
Managers on the part of the House.

Senators Holt, Ikeda, A. Kobayashi, McCartney and George,
Managers on the part of the Senate.

Conf. Com. Rep. 120 on H.B. No. 604

The purpose of this bill is to provide an additional rate of payment for persons receiving medical assistance to institutional providers of medical care. This additional rate is necessary due to the shortfall between Medicare and Medicaid payments, which are limited by the federal government, and the cost of services rendered by the medical institutions.

Your Committee on Conference has agreed on an appropriation of \$3,000,000 for fiscal year 1989-90, and has further amended the bill by adding language requiring a fiscal audit by the Legislative Auditor and requiring the cooperation of the institutional providers in order to analyze the need for such funds and make recommendations on what providers can do to reduce costs, supporting legislation and what additional rate, if any, should be established.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 604, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 604, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, Souki, Ihara, Kawakami, Leong, Shon and Cavasso,
Managers on the part of the House.

Senators Yamasaki, McMurdo and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 121 on S.B. No. 1914

The purpose of this bill is to repeal Chapter 342, Hawaii Revised Statutes, relating to environmental quality, and enact seven new chapters on air pollution; water pollution (including coastal waters, sewage, wastewater treatment); noise pollution; solid waste pollution; hazardous waste (including generators, transporters, storage and disposal); underground storage tanks; and used oil transport, recycling and disposal.

Upon further consideration, your Committee has amended the bill as follows:

1) On page 18, line 4, mandating that the open burning control rules shall be enforced by any duly authorized police officer or employee of the Department of Health as well as police officers. In light of this change, a section has been added to the session laws only, asking the Department of Health to submit a report on the progress of implementing the use of police officers to enforce the "open burning" section of this law.

2) On page 88, line 10, noise variances are allowed for school activities. School activities has been defined for the purposes of this section.

3) On page 175, line 11, the section establishing a leaking underground storage tank fund has been put back into the bill as it was inadvertently deleted in the House draft.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1914, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1914, S.D. 1, H.D. 1, C.D. 1.

Representatives Andrews, Shon, Metcalf, Bellinger, Kanoho and Hemmings,
Managers on the part of the House.

Senators Ikeda, Hagino and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 122 on H.B. No. 924

The purpose of this bill is to provide lump sum payments to those former charter members of the Excluded Managerial Compensation Plan (EMCP) who retired, left state or county employment for other jobs, or transferred to positions covered by different pay plans, and did not receive back pay under Act 400, Session Laws of Hawaii 1988.

Your Committee has agreed to adopt an amended version of H.B. No. 924, H.D. 2. For purposes of style and clarity, H.B. No. 924, H.D. 2, has been amended by amending Section 2 to refer to "lump sum payments and adjustments" instead of "lump sum payments." In addition, your Committee has provided the reasons why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit.

Your Committee finds that this bill will address the inequity to those excluded managerial employees by authorizing the state and counties to provide back pay for former charter members of the EMCP.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 924, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 924, H.D. 2, S.D. 1, C.D. 1.

Representatives Takamine, Souki, Baker, Horita, Kotani, Yoshimura and Marumoto,
Managers on the part of the House.

Senators Nakasato, A. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 123 on H.B. No. 1535

The purpose of this bill is to allow a licensed contractor entering into a contract involving home improvements to make the disclosure required by Section 444-25.5, Hawaii Revised Statutes, in either the contract itself, or a separate form.

This bill would also require that the owner's signature be obtained on the contract or separate form containing the disclosure. The disclosure must contain all lien rights of all parties performing under the contract, and an explanation as to the owner's option to demand bonding on the project. The disclosure must be printed in at least 12 point type.

This bill would delete the current provision requiring that disclosure be made in a separate form in at least 12 point type, that the owner's signature be obtained on the form, and that the form be approved by the contractors license board.

Upon further consideration, your Committee has amended this bill so as to retain the current provision concerning disclosure on a separate form approved by the board. A new provision has been added allowing contractors the option of making the disclosure in his or her written contract, provided that the disclosure appears on the first page, and is printed in at least 14 point type. Your Committee believes that this amendment will resolve both contractors' concerns about extra paper-work caused by the separate form requirement, and the public's interest in fair and effective disclosure.

Your Committee suggests that the board review the nature, requirements, and appropriateness of the disclosures which it currently requires of its various licensees. It has been brought to the attention of your Committee that current disclosure requirements vary significantly among licensees.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1535, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1535, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hiraki, Yoshimura and Anderson,
Managers on the part of the House.

Senators Blair, McCartney, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 124 on H.B. No. 1362

The purpose of this bill is to allow public employers to provide government records necessary for exclusive bargaining unit representatives to perform their functions.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1362, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1362, H.D. 2, S.D. 1, C.D. 1.

Representatives Takamine, Metcalf, Hagino, Hirayama, Horita, Taniguchi and Marumoto,
Managers on the part of the House.

Senators Nakasato, A. Kobayashi, Mizuguchi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 125 on S.B. No. 379

The purpose of this bill is to set statutory restrictions on persons riding in pickup trucks.

Under this bill, persons would be prohibited from standing in the bed or load-carrying area of any motor vehicle commonly known as a pickup truck while the vehicle is in operation. This bill would also prohibit operators of pickup trucks from operating the vehicles and owners of pickup trucks from permitting the vehicles to be operated with a passenger seated in the bed or load-carrying area of the pickup truck unless: 1) there is no seating available in the cab; 2) the side racks are securely attached and the tailboard is securely closed; 3) the passengers are seated on the floor of the bed and there is no attempt to control any unlashed cargo in the bed. Trucks used for business purposes which are subject to regulation by state agencies would be exempted from these restrictions.

Violators would be subject to a fine of \$25 for each violation but would not be guilty of a violation for which points are assessed pursuant to Section 286-128, Hawaii Revised Statutes.

Your Committee upon further consideration has amended the bill by deleting the phrase ", nor shall the owner thereof permit it to be operated," from lines 8 and 9 on page 1 of the bill. The effect of this amendment is to make only the operator of the pickup, rather than both the operator and owner, liable for violations when the operator and the owner is not the same person.

Your Committee has further amended the bill by making nonsubstantive language and style changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 379, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 379, S.D. 1, H.D. 1, C.D. 1.

Representatives Oshiro, Metcalf, Bybee, Yoshimura and Anderson,
Managers on the part of the House.

Senators Fernandes Salling, Chang and George,
Managers on the part of the Senate.

Conf. Com. Rep. 126 on H.B. No. 189

The purpose of this bill is to appropriate funds for the programs of the Judiciary for the 1989-91 fiscal biennium.

For the most part, appropriations have been made to address the Judiciary's most urgent concerns and operational requirements, although in the aggregate, the appropriations are less than the amounts requested in the Judiciary's budget. For FY 1989-90, the Judiciary's general fund budget request was \$69.8 million whereas your Committee has determined that a total appropriation in the amount of \$67.8 million is sufficient. For FY 1990-91, your Committee recommends program appropriations which total \$69.3 million against the Judiciary's general fund request of \$71.6 million.

In recommending the program appropriations, your Committee recognizes the growing needs of the Judiciary caused by increasing workloads and the corresponding necessity to modernize its various management systems. The application of modern technology to court operations and supporting systems is crucial for the Judiciary to fulfill its mission. However, in order to proceed with further computerization, the Judiciary still needs to develop a detailed tactical plan which establishes priorities, identifies resource requirements, sets time frames for implementation, and arranges project execution. For this reason, your Committee is recommending funds only for those projects deemed absolutely necessary to resolve pressing problems. For example, funding is being allowed for the Optical Disk Hardware project requested by the Judiciary.

Two years ago, in considering the Judiciary's budget for the 1987-89 fiscal biennium, it was the position of the Legislature that the Judiciary needed to exert financial discipline in its budget preparations and to lower the level of expenditures without disturbing essential programs and operations. Your Committee urged the Judiciary to pursue new procedures and more efficient methods of operation in budgetary and financial matters.

Your Committee's experience with the Judiciary's 1989-91 budget request leads to virtually the same conclusions. Two examples from your Committee's review of the budget illustrates the need for budgetary and financial accountability.

1. In its management and financial audit of the Judiciary, the Legislative Auditor, among many other findings, reported that the Judiciary had been making large purchases of equipment from funds that had not been budgeted for that

purpose. To determine the extent to which "savings" from position vacancies contributed to such practices, your Committee sought routine information from the Judiciary on the amount of "savings" resulting from vacancies. However, the Judiciary was unable to identify this amount. In order to correct this practice, your Committee has imposed a 5% restriction for turnover savings computed on all permanent funded positions.

The casual approach to unbudgeted expenditures is reflected in an internal Judiciary memorandum which expressed the belief, after the auditor's report was issued, that it is a fairly common practice among state agencies to expend year-end savings for unbudgeted equipment purchases. For the record, there is a provision in the State Constitution which states: "No public money shall be expended except pursuant to appropriations made by law." Except to the extent that the appropriations bill may allow the Judiciary to make certain transfer of appropriations, your Committee expects the Judiciary to expend funds only for the specific purposes for which the appropriations are made and to cease the practice of making unbudgeted equipment purchases and other expenditures from so-called "savings" derived from vacant positions or from whatever source. The Legislative Auditor will review this specific aspect to ensure compliance.

2. The Judiciary has requested large amounts of funds for temporary positions, totalling some \$2.3 million for FY 1989-90 alone. The Legislative Auditor and others have documented the problems which result from the pervasive use of temporary positions. Your Committee tried to determine from the Judiciary what kinds and number of temporary positions it intends to establish. Such supporting information is necessary to determine the reasonableness of the amount of funds requested and should have been routinely available. However, the information was never submitted. Thus, your Committee is recommending that the Judiciary develop a clear budget base and budgeting process identical to that of the Executive Branch with detailed breakdowns of budget line items such as, but not limited to, expenditure reports, variance reports, and the budget detail tables showing all temporary positions.

Budget autonomy for the Judiciary was the result of legislation initiated by the Senate in 1974. With the removal of executive controls, the Judiciary gained budgetary independence, but it was then the expectation that the Judiciary would develop its own system of budgetary controls and accountability. If the Judiciary fails to make improvements in budgetary accountability, your Committee believes that the only alternative is to establish a system of accountability by law.

Your Committee urges that the Chief Justice give these problems close attention and that he involve other key personnel in the Judiciary in a broadly based effort to make improvements in budgeting and other aspects of Judiciary operations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 189, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 189, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Metcalf, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Menor, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 127 on S.B. No. 1805

The purpose of this bill, as received, is to appropriate the sum of \$1 for each year of the fiscal biennium into the rental assistance revolving fund.

Your Committee finds that the rent subsidies provided through the rental assistance revolving fund serve as an incentive to the development of affordable rental projects by providing subsidies to rental project owners. These subsidies, in turn, serve to lower the out-of-pocket rentals paid by qualified lower income tenants.

Your Committee has amended this bill by appropriating the sum of \$15,000,000, for fiscal year 1989-1990, and the sum of \$15,000,000, for fiscal year 1990-1991, into the rental assistance revolving fund, and to indicate the extent to which the appropriations will exceed the general fund expenditure ceiling for fiscal year 1989-1990.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1805, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1805, S.D. 1, H.D. 2, C.D. 1.

Representatives Hayes, Souki, Amaral, Chang, Ihara and Liu,
Managers on the part of the House.

Senators Yamasaki, Crozier, A. Kobayashi, McMurdo and George,
Managers on the part of the Senate.

Conf. Com. Rep. 128 on S.B. No. 161

The purposes of this bill, as received, are to: (1) transfer the liquor and tobacco tax revenues to the counties; (2) allow the counties to construct county highways and charge tolls for the use of county highways; (3) transfer certain parks between the State and the counties; and (4) repeal the law which provides for the distribution of grants-in-aid to the counties.

Your Committee has amended the bill to delete the provisions relating to the transfer of liquor and tobacco tax revenues. The transfer is premature since the constitutionally established tax review commission will be reporting to the legislature during the 1990 regular session. Your Committee believes it would be more prudent to await the commission's recommendations and consider the issue of revenue sharing with the counties at that time. Your Committee notes, however, that since the legislature does not intend to penalize the counties during this one-year waiting period, the counties' grants-in-aid for fiscal year 1989-1990 which are included in H.B. No. 205, H.D. 1, S.D. 1, C.D. 1, have been increased as follows:

City and County of Honolulu	\$31,747,637
County of Hawaii	13,415,364
County of Kauai	10,419,568
County of Maui	16,385,685

Because the transfer of certain parks between the State and the counties was predicated upon the availability of new sources of revenue to the counties, your Committee finds that it would be inappropriate to transfer those parks until the revenue situation is clarified. Your Committee has accordingly deleted the park transfer provisions from the bill.

Your Committee notes that this bill, as received, repeals section 248-6, Hawaii Revised Statutes, the law which provides for the distribution of grants-in-aid to the counties. Your Committee believes that its provisions are anachronistic in view of the structure of Hawaii's economy today and that the findings and recommendations of the tax review commission will assist the legislature in determining a more equitable method of distributing state general fund revenues to the several counties.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 161, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 161, S.D. 1, H.D. 2, C.D. 1.

Representatives Tom, Souki, Hagino, Baker, Say, Yoshimura and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Blair, Fernandes Salling, Hagino and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 129 on H.B. No. 15

The purpose of this bill is to encourage the development of a software industry in Hawaii directed at the market for customized applications development in the United States and elsewhere.

Your Committee has amended this bill by having the Department of Budget and Finance work in consultation with the High Technology Development Corporation in establishing a plan for the development of a software industry in Hawaii. The department, as the primary agency responsible for computer hardware and software, can provide valuable insight and assistance in developing the plan. Additionally, the \$1.00 appropriation was increased to \$50,000 for fiscal year 1989-1990.

The bill has also been amended by adding the required spending ceiling language as a new section 3 of the bill and renumbering the subsequent sections.

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

Representatives D. Ige, Tajiri, Bellinger, Fukunaga, Isbell and O'Kieffe,
Managers on the part of the House.

Senators Chang, A. Kobayashi, B. Kobayashi, Tungpalan and George,
Managers on the part of the Senate.

Conf. Com. Rep. 130 on H.B. No. 1860

The purpose of this bill is to create a special fund to allow the High Technology Development Corporation to operate and manage its revenue-producing projects, including the Kaimuki Technology Enterprise Center, Hawaii Ocean Science and Technology Park, the Manoa Innovative Center, and the Maui Research and Technology Center.

Your Committee has deleted Section 2 of the bill and renumbered Sections 3, 4, and 5 accordingly.

Your Committee has amended Section 3 of this bill to clarify that the board of directors shall appoint a single management advisory committee for each industrial park and project governed by the board.

Your Committee is concerned about expanding the purview of the corporation to include management of film production facilities on an on-going basis. A new Section 5 has been added to allow management of film production facilities for one year, from July 1, 1989 to June 30, 1990. The corporation should develop a strategic and business plan to clearly define its focus before expanding its responsibilities.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1860, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1860, H.D. 1, S.D. 1, C.D. 1.

Representatives D. Ige, Souki, Fukunaga, Isbell, Stegmaier and O'Kieffe,
Managers on the part of the House.

Senators Chang, Hagino, A. Kobayashi, Matsuura and George,
Managers on the part of the Senate.

Conf. Com. Rep. 131 on H.B. No. 1879

The purpose of this bill is to amend Chapter 209E of the Hawaii Revised Statutes to clarify terminology and eligibility criteria of the enterprise zones program.

Your Committee has amended this bill to expand the types of businesses allowed in enterprise zones to include limited service businesses. Specifically, a definition was added which defines "service business or calling" as any corporation, partnership, or sole proprietorship that acts upon or processes tangible personal property, such as cleaning, repair, and maintenance and does not mean activities which are not performed upon tangible personal property."

Your Committee has determined that the types of services which do not qualify for the program include brokerage, legal, accounting, architectural, engineering, consulting and contracting, real estate, travel agencies, and the like.

Your Committee has also determined the types of service businesses which are included under this bill, for example, a laundry service which collects laundry outside of the enterprise zone, brings the laundry into the enterprise zone for cleaning, then returns the laundry to its destination outside of the enterprise zone.

Your Committee has further amended this bill by doing the following:

- (1) Inserted a definition in Section 1 for "wholesale";
- (2) Amended Section 3 to provide that the rules governing the procedures for chapter 209E-8 be adopted by the Department of Business and Economic Development in consultation with the Department of Taxation;
- (3) Provided that the average number of employees employed by a business within an enterprise zone that meets the criteria in section 209E-4(b)(1) must increase by at least 5% every taxable year until 40% of the employees meet the criteria.
- (4) Added subsection (e) to Section 3 to clarify how tangible personal property and services must be sold in an enterprise zone;
- (5) Amended Section 6 to provide that the manufacture and wholesale sale of tangible personal property, and the engaging in a service business or calling by a qualified business is exempt from the payment of general excise taxes; and
- (6) Made technical, non-substantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1879, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1879, S.D. 2, C.D. 1.

Representatives D. Ige, Kanoho, Apo, Isbell, Say and Hemmings,
Managers on the part of the House.

Senators Chang, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 132 on S.B. No. 1871

The purpose of this bill is to make numerous technical amendments to the Insurance Code.

The bill would correct section references, punctuation errors, and add sections and phrases that were inadvertently omitted during its recodification. The bill would also amend several provisions pertaining to Medicare Supplement policies pursuant to recent federal legislation.

Your Committee finds that this housekeeping measure is necessary to maintain continuity within the Insurance Code.

Upon further consideration, your Committee has amended the bill by making nonsubstantive amendments to correct typographical errors, to correct a section reference on page 29, line 19, and to make technical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1871, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1871, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Metcalf, Oshiro and Cavasso,

Managers on the part of the House.

Senators Blair, Ikeda, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 133 on H.B. No. 1188

The purpose of this bill is to increase the membership of the Juvenile Justice Interagency Board, from the current eleven to twelve voting members by the addition of a representative from the University of Hawaii appointed by the president of the University.

Your Committee notes that having an even number of voting members may pose difficulties in decision making. To alleviate this potential problem, your Committee has amended this measure so as to increase the membership to thirteen, by adding another representative of a private social service agency.

Regarding the representative from the University of Hawaii, your Committee wishes to underscore that such a representative, to be appointed by the university president, shall be the Director of the Center for Youth Research, so as to maintain the current board membership's involvement within the juvenile justice process.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1188, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1188, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Bellinger, Cachola and Anderson,
Managers on the part of the House.

Senators Menor, Crozier, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 134 on S.B. No. 1813

The purpose of this bill is to make numerous amendments to the Insurance Code to resolve inconsistencies in the code, as well as resolve specific issues addressed by the Insurance Division since the Insurance Code took effect.

Your Committee amended this bill by making several technical, nonsubstantive amendments as follows:

- 1) Substituted the word "other" for the word "another" on page 2, line 7 to correct a typographical error;
- 2) Underscored "(e)" on page 5, line 15 to correct a drafting error;
- 3) Added a colon after the word "collectively" on page 21, line 23 to correct a drafting error; and
- 4) Corrected the indentation of subparagraphs (A) and (B) on page 22, lines 1-7.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1813, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1813, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Bellinger, Oshiro and Anderson,
Managers on the part of the House.

Senators Blair, Chang, Ikeda and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 135 on S.B. No. 417

The purpose of this bill is to require proper disclosure of lease terms and conditions upon the sale of residential leasehold property and to provide for mandatory arbitration of lease rent renegotiation.

The bill would also require a seller of leasehold residential property to provide to the buyer a copy of the original lease document, a standardized summary of the major provisions of the lease, and a standardized glossary of commonly used lease terms for the buyer's review and acceptance.

Last year, interested parties gathered in a forum to discuss leasehold issues. As a result of that forum, a consensus was reached as to the importance and need for the disclosure of leasehold information during the sale of a property. This bill addresses that concern to better serve the needs of both buyer and seller.

Your Committee has amended the bill by:

- 1) Extending the time period in which the seller is to provide a copy of the lease to the buyer from five to ten days, and specifying that such period shall begin upon acceptance of a contract;
- 2) Requiring a "copy of the original recorded lease" rather than a "recorded copy of the original lease";

- 3) Allowing a buyer to "reject," as well as "review and accept" the terms of a lease;
- 4) Clarifying that lease documents required under this bill only refer to the original recorded lease and related amendments;
- 5) Allowing the seller and buyer to mutually change the time period provided for the production and review of lease documents;
- 6) Allowing a buyer to cancel a contract within five days of acknowledged receipt of the lease documents, instead of within five days of signing the receipt or contract;
- 7) Changing the effective date from January 1, 1990 to July 1, 1990; and
- 8) Making nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 417, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 417, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hiraki, Shon and Cavasso,
Managers on the part of the House.

Senators Crozier, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 136 on H.B. No. 1844

The purpose of this bill is to provide protective services for dependent adults of all ages who are subject to risks of abuse, neglect, and exploitation.

Your Committee has made various amendments to this measure in accordance with suggestions from the Family Court, the Department of Human Services, the American Civil Liberties Union, and the Attorney General's Office.

After further deliberation, your Committee amended the bill as follows:

- (1) Amended the definition of "abuse" by:
 - (a) Removing "self-neglect", and evidence of "gross degradation" and "death";
 - (b) Including a consistent pattern of actions or verbalizations that humiliates, provokes, confuses, and frightens within the definition of extreme mental distress;
- (2) Clarified that action may be taken to protect a dependent adult if abuse or threatened abuse is probable; and if (1) an adult consents, or (2) there is probable cause to believe that the adult lacks the capacity to consent;
- (3) Specified that court orders required to protect against abuse may be obtained without notice and without a hearing;
- (4) Amended the procedure for court orders for protection by requiring that:
 - (a) An order given orally must be reduced to writing within twenty-four hours of receipt of a written application for the order;
 - (b) Applications and orders personally served on any affected persons must be certified copies;
 - (c) Notice of the order to show cause hearing order must also be served;
 - (d) The court must hold a hearing within 72 hours of issuance of the oral order to show cause why a protective order should not be continued; and
 - (e) The court shall set the case for an adjudicatory hearing as soon as practical;
- (5) Mandated the court to appoint counsel for a dependent adult when separate counsel is required and the person cannot afford private counsel;
- (6) Amended service of notice by requiring:
 - (a) Inclusion of a certified copy of the petition;
 - (b) Personal service by certified mail, return receipt requested;
- (7) Deleted the prohibition against permanent disposition of property without proper service on the owner;
- (8) Deleted the provision that the guardian ad litem may stipulate to the entry or continuance of court orders; and deleted the provision that a stipulation may be made at a preliminary hearing;

- (9) Limited court-ordered psychiatric or other medical exam to only those cases where the dependent adult's capacity is at issue;
- (10) Granted the court the authority to issue, enter, continue, or modify any temporary orders pending final disposition;
- (11) Removed provisions requiring confidentiality of court records of all adult protective proceedings from the Family Court laws and added them to the laws effecting the Department of Human Services; and
- (12) Amended the effective date provision to July 1, 1991, and included a repeal date of June 30, 1993.

Numerous nonsubstantive, technical amendments were also made for style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1844, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1844, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Leong, Amaral, Shon and Anderson,
Managers on the part of the House.

Senators Menor, McMurdo, Aki, Blair, A. Kobayashi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 137 on S.B. No. 1374

The purpose of this bill is to propose several amendments to Chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes.

New sections which would be added to Chapter 514A include "Duty of Directors;" "Restatement of Declaration and Bylaws;" "Disposition of Unclaimed Possessions;" and "Documents of the Association of Apartment Owners."

In addition, the bill amends Sections 514A-13.5, "Remuneration to Allow Ingress and Egress Prohibited;" subsection (b) of Section 514A-82, "Contents of Bylaws;" Section 515A-83.4, "Meeting Minutes;" Section 514A-85, "Books of Receipts and Expenditures; Unpaid Assessments; Availability for Examination;" and subsection (a) of Section 514A-90, "Priority of Lien."

Your Committee finds that these new sections and amendments to existing sections of Chapter 514A will improve condominium management and operations in the State of Hawaii and provide added safeguards for owners, associations of owners, and boards of directors of associations of owners.

Your Committee has amended this bill as follows:

- (1) Added a new section to Chapter 514A allowing boards of directors, upon the written consent of the owners representing fifty percent of the common interest and owners, to authorize the borrowing of money for repair, replacement, maintenance, operation, or administration of the common elements, with the costs of such borrowing to be a common expense of the project;
- (2) Added a new section to Chapter 514A allowing owners keeping pets pursuant to a provision in the bylaws allowing pets or in the absence of a provision prohibiting pets to keep pets as long as the owner resides in the apartment or another apartment subject to the same bylaws. Amendment of the bylaws to prohibit keeping of pets would not apply to an owner keeping a pet on the effective date of the prohibition. It is the intent of your Committee that this provision be retroactive as well as prospective;
- (3) Amended Section 514A-82(b) by providing that associations, at their own expense, shall provide all board members with a current copy of the declaration, bylaws, house rules, and annually provide an updated copy of Chapter 514A; and
- (4) Provided for proxies to be given to the board of directors with a box on the proxy form wherein the owner may indicate preference for the vote to be shared with each board member receiving an equal percentage. Unmarked proxy forms would be considered a choice by the owner that the vote be made on the basis of the preference of the majority of the board.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. NO. 1374, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. NO. 1374, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Hagino, Hayes, Shon and Anderson,
Managers on the part of the House.

Senators Blair, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 138 on H.B. No. 1476

The purpose of this bill is to provide limited immunity from tort liability for those persons who provide shelter or support to runaway children. Under this measure, a person is not liable in tort to the parent merely by reason of the person having given shelter or support to a minor child known by the person to have left home without the parent's permission. The measure expressly denies protection to those persons who abduct or induce a minor child to either leave home or to remain away from home without permission. This bill does not in any way limit the liability of a person who negligently, recklessly, intentionally, or wilfully harms the child, or who acts in negligent, reckless, or wanton disregard of the child's reasonable best interests.

The bill also amends the State Tort Liability Act to include Parent-Teacher Association (PTA), and Parent-Teacher-Student Association (PTSA) volunteers as "employees" of the State to require the State to represent them in lawsuits filed against them for alleged negligence while volunteering in PTA or PTSA activities.

Your Committee has amended this measure by deleting the amendment making PTA and PTSA volunteers "employees" of the State. While your Committee recognizes their invaluable services to our society, the legislature finds that the State ought not undertake to indemnify private individuals unless the service provided by the volunteer has a more direct benefit to the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1476, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1476, S.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Hiraki and Anderson,
Managers on the part of the House.

Senators Menor, B. Kobayashi, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 139 on H.B. No. 662

The purpose of this bill is to provide for the imposition of liens against the earnings and the real and personal property of absent parents who owe overdue child support payments.

Your Committee finds that this bill is necessary to meet the federal requirement of a lien law in the State for the pursuit of overdue child support. The passage of this bill will make it possible to recover a portion of the \$46,000,000 that is currently owed to children in delinquent child support payments.

Your Committee has amended this bill by deleting the provision that an obligor's earnings shall be subject to lien, which is addressed elsewhere in the Hawaii Revised Statutes. Also, wherever this bill refers to recordation of liens in the Bureau of Conveyances and Land Court, the phrase "filed in" or "or filed" is added to make clear that liens are not "recorded" in Land Court. Finally, this bill has been amended to provide that liens may also be enforceable against the estate of an obligor by the Child Support Enforcement Agency, its counsel or the obligee, and that upon satisfaction of the lien, a release shall be issued and recorded or filed.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 662, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 662, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Hagino, Hirono and Anderson,
Managers on the part of the House.

Senators Menor, Aki, Chang and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 140 on S.B. No. 653

The purpose of this bill is to increase the rate of compensation provided to Board of Education members from \$50 per day to \$100 per day. Your Committee finds that this rate of compensation has not been changed in twenty-two years. During this period inflation and the increased cost of living have eroded the value of this compensation, and the responsibilities of the members have increased significantly. Your Committee finds that this new rate is equitable.

Your Committee has amended this bill by:

- (1) Appropriating \$60,000 for fiscal year 1989-1990;
- (2) Adding a new section to reflect the fact that the appropriation will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by 0.0026 per cent; and
- (3) Renumbering the remaining sections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 653, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 653, S.D. 2, H.D. 2, C.D. 1.

Representatives Tam, Kotani, Chang, D. Ige, Hirayama and O'Kieffe,
Managers on the part of the House.

Senators Yamasaki, B. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 141 on H.B. No. 62

The purpose of this bill is to extend medicaid eligibility for pregnant women and infants under the age of one by increasing the income standard to one hundred eighty-five per cent of the federal poverty level, and for children under the age of six living in families with incomes below the federal poverty level, and older children to the extent permitted under optional federal medicaid rules.

Your Committee on Conference has met and agreed on appropriation levels of \$419,832 for fiscal year 1989-1990 and \$892,110 for fiscal year 1990-1991. Your Committee also amended the bill to expand medicaid eligibility to children under the age of four, rather than the age of six.

A new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 62, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 62, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, Souki, Ihara, M. Ige, Shon and Liu,
Managers on the part of the House.

Senators Yamasaki, McMurdo, Hagino, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 142 on H.B. No. 362

The purpose of this bill is the expand the eligibility criteria for comprehensive home services by amending the definition of "non-Medicaid recipient" to include those whose income is at least one hundred per cent and not more than three hundred per cent of the current medical assistance limit, and whose personal reserves are not more than four hundred per cent of the limit for personal reserve retention. This bill also raises the assistance allowance from sixty to sixty-five per cent of the standard of need.

Your Committee has amended this bill to change the assistance allowance from sixty-five per cent to sixty-two and one-half per cent of the standard of need.

Your Committee on Conference has met and agreed on new appropriation levels of \$1,695,232 for fiscal year 1989-90 and \$1,989,999 for fiscal year 1990-91.

A new section stating the reason why and the amount and rate by which the appropriations contained in this bill exceed the state spending limit has been added to comply with constitutional and statutory requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 362, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 362, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Souki, M. Ige, Ihara, Leong and Liu,
Managers on the part of the House.

Senators Yamasaki, McMurdo, Aki, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 143 on S.B. No. 667

The purpose of this bill is to require the Department of Land and Natural Resources (DLNR) to conduct public hearings before state lands are designated into the natural area reserve system.

The bill would require a twenty-day notice for hearings, and would also apply to lands set aside for the reserve system by executive order. The bill also appropriates \$4,000,000 for the natural area reserve fund and requires a more detailed annual report addressing the DLNR's management plan.

Your Committee has amended the bill by:

- (1) Clarifying the types of state land that may be designated into the reserve system;
- (2) Adding a new section to Chapter 195 setting forth the method by which suitable state or private land may be designated as a natural area reserve and included in the natural area reserve system;

- (3) Deleting the \$4,000,000 appropriation to the natural area reserve fund, and the purpose and finding clause (SECTION 1 of the bill) which refers to the appropriation; and
- (4) Making technical nonsubstantive amendments to conform the bill to recommended legislative drafting format.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 667, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 667, S.D. 1, H.D. 2, C.D. 1.

Representatives Andrews, Souki, Apo, Isbell, Lee, Stegmaier and Hemmings,
Managers on the part of the House.

Senators Ikeda, A. Kobayashi, Fernandes Salling, Solomon and George,
Managers on the part of the Senate.

Conf. Com. Rep. 144 on H.B. No. 1854

The purpose of this bill is to make salary adjustments for the governor, lieutenant governor, cabinet and sub-cabinet officers, and certain other executive and legislative officers.

Your Committee agrees that adequate compensation of executive branch officials will enhance and facilitate the recruitment and retention of the highest qualified individuals to public service, and enable state government to compete more effectively with the private sector for qualified personnel. In determining the appropriate salary recommendations for these officials, your Committee looked to the level of collective bargaining increases negotiated for state employees since the last increase of executive salaries in 1986. On the average, collective bargaining increases for fiscal year 1987-88 and fiscal year 1988-89 approximated 6.0% per year or a cumulative average of close to 12.4% over the two-year period. Current collective bargaining contracts being negotiated reflect an average salary increase of close to 22.8% over the four-year period from fiscal year 1990-1993. In total, this reflects approximately a 37.9% increase in state employee salaries. In light of this information, your Committee finds the salary adjustment recommendations of the Executive Salary Commission to be fair and reasonable in two major respects: first, in bringing executive salaries to a comparable relationship with increases negotiated for state employees over the past two years and second, in keeping abreast with the current level of salary increases being negotiated for state employees. Increases recommended by the Executive Salary Commission would generally result in a total aggregate increase of approximately 23.0%.

The recommendations of the Executive Salary Commission have been incorporated in this measure in the following areas:

- (1) The Commission recommended that the compensation inequity between appointed supervisors and subordinates be corrected to maintain the sanctity of the supervisor to subordinate relationship within the compensation schedule. As such, the minimum deputy director's salary is pegged at \$69,748 which represents 4-1/2% above the highest civil servant's salary to maintain the distinction between executive-level supervisors and their subordinates.

All other executive salaries have been increased by calculating their new compensation values maintaining their current salary relationship to the proposed deputy department head salary. All executive salaries are further increased by 4-1/2% in the second year of the biennium.

- (2) The Commission proposed to eliminate the category of the second deputy and consolidated all deputies into one category at the current compensation level of first deputies.

To provide the governor with the opportunity for "hands-on" management in regard to cabinet appointments, the Commission further recommended that the concept of a salary range be applied to the salaries of the deputy department heads. The utilization of a salary range would allow the governor to set the salaries of his departmental appointees at levels based on the priority of the functions and responsibilities of those positions within his cabinet and the qualifications of the individuals selected for the job. The maximum end of the salary range for deputy department heads is set at a level 8.6% below the department heads' salary which reflects the current per cent salary differential between department heads and deputies.

- (3) The Commission recommended compressing the salary relationship between department heads and the governor by pegging the salary of the department heads at a level equivalent to 90% of the governor's salary instead of the current 85.5% relationship. This compression is in recognition of the level and scope of responsibilities of department heads and the competitive demands of recruitment for those positions.
- (4) The Commission recommended upgrading the salary of the administrative director to the governor above its current department head salary level, given the scope of responsibility assigned to that position to oversee and coordinate activities of all other departments.

Your Committee has amended the bill to insert appropriate salary figures for executive branch officials to reflect the foregoing discussion, and for the administrators of the legislative reference bureau, the office of the legislative auditor, the state ethics commission, and the office of the ombudsman. The salaries of the administrators of these state legislative agencies should also remain competitive to enhance recruitment of qualified personnel.

Your Committee has also amended the bill by deleting the statutory requirement for an ongoing salary commission to regularly review the salaries of the state executive branch elected and appointed officials. It is felt that the option should be left to the discretion of the governor to establish an executive salary commission as deemed appropriate.

A statement has been inserted in the bill to indicate the amount and percentage by which the appropriations made in the bill exceed the state general fund expenditure ceiling for fiscal year 1989-1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1854, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1854, H.D. 2, S.D. 1, C.D. 1.

Representatives Takamine, Souki, Baker, Fukunaga, Horita, Say and Anderson,
Managers on the part of the House.

Senators Yamasaki, Nakasato, Mizuguchi, Solomon and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 145 on H.B. No. 205

The purpose of this General Appropriations Bill of 1989 is to appropriate funds for the operations and capital improvements of executive agencies for the 1989-1991 fiscal biennium.

FINANCIAL AND ECONOMIC OVERVIEW

The latest general fund tax collections report from the Department of Taxation continues to be favorable. With the completion of three full quarters of the current fiscal year through the end of March, general fund tax revenues are running 14.1 percent ahead of collections for the same period in the previous fiscal year. The increase of 14.1 percent is also substantially ahead of the increase of 9.2 percent which was used as the basis for the Governor's general fund financial plan. Thus, the financial trends indicate that the projected general fund surplus at the end of the current fiscal year, earlier estimated at \$429 million, should be realized and could very well be bettered.

The overall fortunate and favorable financial condition of the State, supported by an expanding economy and fueled especially by growth in construction and record highs in tourism, indicates that three courses of action can be pursued simultaneously. These courses are: (1) the enactment of tax relief measures; (2) the provision of tax rebates in the form of tax credits, triggered by the level of the general fund balance; and (3) new program initiatives and reinforcement of existing programs through this General Appropriations Bill and other measures.

With respect to income tax relief for individuals, your Committee supports the overall approach recommended by the State administration. Tax relief will be provided for all income classes, with proportionately more relief to lower provisions including increasing the standard deduction, revising the income tax rate schedules downward while broadening the tax brackets, and enacting a new medical services tax credit to medical expenses. These provisions will provide \$50 million in tax savings for individual taxpayers.

Because the level of the general fund balance for the past two fiscal years exceeds the threshold set by the State Constitution, tax refunds or tax credits in general must also be provided to individual taxpayers. Your Committee has sought to return a meaningful amount to resident taxpayers while at the same time appropriating funds which represent an investment in the future. The total tax rebate recommended in the form of tax credits amounts to some \$200 million, the aggregate of returning \$225 to each individual taxpayer multiplied by the number of qualified exemptions.

The size of the rebate has been the subject of substantial public discussion, and the views range from those who feel that all of the projected surplus should be applied to increased government spending to those who feel all of it should be returned to taxpayers. In between are those who feel that some balance should be struck between increasing funding to meet the most urgent needs and returning some of the surplus to the people of Hawaii.

Your Committee has adopted the middle course. One of the considerations is that not all of the surplus has been generated by the individual income taxpayers of this State. Indeed, Hawaii is fortunate that it is able to export a substantial amount of its taxes, mainly as a result of expenditures by tourists. The continuing growth of tourism during the past two years, the growth of tourism expenditures marked especially by the large and increasing amounts of expenditures by eastbound visitors from Japan, and the direct application of the hotel room tax have all been important contributors to tax revenues. Therefore, it would not be correct to proceed on the basis that the surplus is entirely the result of overpayments by resident taxpayers and that all of it should therefore be returned to them. The balanced approach of tax relief, tax rebates, and selected funding investments is the fairest approach and also the wisest course in the long run.

As an investment in the future, no major program has been given greater scrutiny, consideration, and support than the program for the public school system. In what your Committee hopes will be the first of a number of major steps on the road to educational reform, funding has been provided to put the building blocks of reform in place. The remainder of this report summarizes the more important decisions and considerations of your Committee--in education as well as in other important programs.

ECONOMIC DEVELOPMENT

Your Committee has noted in its economic overview that at present, the State's economy continues to grow at a healthy pace. To minimize the possible effects of future economic downturns, your Committee has provided support to various economic development programs to broaden and expand Hawaii's economic base.

Business development. Hawaii's focus in this area is to internationalize our economy through trade, financial services, film and high technology industries. Your Committee has provided funding to explore the establishment of an affiliated trading floor in Honolulu through the California-based Pacific Stock Exchange. Your Committee has increased funding

for the expansion of Hawaii's film industry by providing an additional \$525,000 for promotion and incentives to encourage film making in Hawaii. In the area of high technology, your Committee has provided \$3,780,000 in fiscal year 1989-90 and fiscal year 1990-91 for the Pacific International Center for High Technology Research (PICHTR) to establish Hawaii as a high technology leader in the Pacific region.

Also in the high technology area, capital improvement projects which received funding include the Natural Energy Laboratory of Hawaii, Hawaii Ocean Science and Technology Park, and Keahole Point. Funds were also provided for an aquaculture research and training facility and continued support of geothermal development.

Tourism. Tourism is the source of the most economic activity in our State and thus its promotion is of utmost importance to Hawaii. Increasing competition in the visitor industry has lead to more aggressive and expanded marketing of Hawaii by both the State and the private sector. Your Committee has enhanced the tourism advertising budget for all markets, while emphasizing the importance of sustaining the base market.

Your Committee has also provided \$2,150,000 for the continued destination marketing of the neighbor islands in order to encourage a statewide approach in the promotion of Hawaii. Funds are also provided to promote Hawaii as a sports and cultural center through such sporting events as the Honolulu Marathon and the Hula Bowl, and cultural attractions such as the Hawaii Maritime Museum, the Festival of the Pacific, and the Hawaii International Film Festival.

Agricultural products. Continued support for the promotion of diversified agricultural products is provided as well as increased funding for pest control and eradication projects relating to fruitfly, gorse infestation, and webworm. Funds are provided for capital improvement projects including development of a livestock agricultural park and statewide water development and irrigation system projects.

EMPLOYMENT

At present, employment and personal income in the State of Hawaii are higher, and unemployment has maintained its low rate. Your Committee has provided support to maintain this high level of employment and to expand the "employability" of the workforce. Your Committee finds that these programs contribute to the dignity and self-sufficiency of these individuals, thereby reducing the State's obligation in other human services programs.

Placement services. Your Committee has appropriated funds to provide job seekers with easily accessible job search/vocational guidance to fulfill their career goals. Funding has also been provided to establish Job Help Stores in West Oahu and West Hawaii to deliver employment, training and other human services to job seekers. Job Help Stores will also serve as resource centers for employers and labor organizations.

Employment and training programs. With the overall goal of establishing Hawaii as the leader of the Pacific-Asian region, your Committee has funded programs for job training in high-technology and visitor industries. Funds are also provided for the training and placement of Vietnam-era, recently separated, and service-connected disabled veterans who fail to qualify for programs under the federal Job Training Partnership Act. Funds are also provided to train recent immigrants to our State, and persons considered marginally employable.

Transition centers. Your Committee has appropriated funds for transition services to special education students. Further funding has been provided for expansion of transition services to two new schools in each year of the biennium. Participants in the program will be provided with a spectrum of career/employment planning services to provide support for their transition from school to employment.

TRANSPORTATION

Airports. The increasing number of visitor arrivals continues to place a severe strain on our existing airport facilities. Your Committee has provided funds for runway extensions at Lihue, Keahole, and Kahului airports, and the Department of Transportation will be coordinating approvals for the runway projects with the respective counties. In addition, funds have been provided for 63 new positions to operate and maintain the soon to be completed Kahului Airport. When completed in July 1990, the \$73 million Phase I of Kahului Airport will greatly improve airport operations to handle the estimated 5 million passenger traffic expected by the end of FY 1989-90. Your Committee has provided an additional \$3 million in each year of the biennium to operate the Wiki Wiki shuttle bus service at Honolulu International Airport.

Highways. Your Committee is aware that by the end of FY 1990-91, the highway fund's permanent sources of revenue will not be able to meet the operating and maintenance cost of Hawaii's roads and highways. For purposes of efficiency and effectiveness, funding of \$49.8 million over the biennium has been provided to allow for the maintenance of our highways on a planned 10-year cycle instead of the current 17-year cycle. Your Committee feels that a regular 10-year resurfacing program will reduce the need to do major repairs and maintenance of the state highways and result in significant savings. To bring an additional measure of relief to the highway fund, your Committee will also allow for the transfer of airport special funds to the highway special funds if federal approval is received.

Your Committee has also provided funding for capital projects including Kalaniana'ole Highway, Interstate H-3, Fort Weaver Road, contra-flow lanes, Honoapiilani Highway, the Saddle Road and various safety improvement for Kauai.

Harbors. Your Committee fully supports the Governor's proposed redevelopment of the waterfront area and his commitment to maintain the Kapalama Military Reservation and surrounding areas as public lands. To these ends, your Committee has approved the appropriation of \$90 million in general obligation bonds to purchase the Kapalama Military Reservation and adjoining lands. Your Committee has also provided capital improvement funds for enhancements to existing harbors including those at Honolulu, Barber's Point, Kawaihae and Nawiliwili, and expansions of interisland transit between Maui and Molokai.

Administrative support. General support services to enhance engineering, design, fiscal, and administration services have been provided to the three major divisions through funding of electronic data processing consultant contracts and the Intergraph CADD (Computer Aided Design and Drafting). The Intergraph CADD will notably assist the department in reviewing proposed highway projects.

ENVIRONMENTAL PROTECTION

Protection of our limited island resources is critical to maintaining our residents well-being as well as our State's economic health. To encourage increased wastewater management throughout the State, your Committee has provided \$50 million for the establishment of a wastewater revolving fund. As part of the grants in aid program, each county will receive funds for specific projects. Other funding is provided to assist the counties in improving their landfill management capabilities. Your Committee has also provided funds for increased ground water support services, underground injection control and monitoring, a geothermal and volcanic emission monitoring pilot project, and \$750,000 during the biennium for implementation of the state water code.

HEALTH

Your Committee finds that many residents of the State are not able to afford medical insurance. Your Committee finds this to be an intolerable situation, and is committed to assuring that quality, affordable health care be made available to the entire citizenry of Hawaii. Therefore, recommended for passage is a \$14 million measure establishing a State Health Insurance Program to offer medical insurance to the people of the State. Your Committee finds that this program, once implemented, will enhance the dignity and well-being of our people, and further, that by focusing on outpatient, preventive care, future costs to the State will be minimized.

Your Committee has provided funding of \$0.9 million and \$1.7 million for development of a comprehensive statewide system of case management to provide service to the mentally ill. Funds have been provided to establish day programs for adolescents on the neighbor islands to address this much neglected portion of the states population, additional funding for bilingual services statewide for the mentally ill has been provided.

The county/state hospital system has been provided with 128 additional permanent positions to enhance services to Hawaii's population. Your Committee has provided funding and positions to facilitate the Department of Health's reorganization effort. In this 100th year of the anniversary of Father Damien's death funding for a variety of projects aimed at enhancing Kalapapa has been provided, to include patient pensions, patient employment, repair and maintenance, equipment, patient rations, and health services.

SOCIAL SERVICES

Child care and protective services. One of Hawaii's most serious problems continues to be the lack of affordable, quality child care. Your Committee has provided funding to initiate before and after-school care demonstration projects statewide. Funds have also been provided to the Office of Children and Youth for the development of child care/early childhood education demonstration project and a statewide strategic plan.

Serious problems in the areas of child abuse and neglect must be addressed. Your Committee has responded to the immediate need for improvement of child protective services (CPS) by increasing resources for statewide implementation of a new "CPS-team" approach, provides shortage pay differential for CPS employees, training, and recruitment and retention of case workers. Expansion of and increases in foster board payments and assistance for AFDC families will also help children in need of care.

Elder care and protective services. Hawaii's elderly population continues to grow and thus increases the need for long-term care and protective services. Your Committee has approved increased funding of additional elderly protective services staff, and increased amounts for payments to adult residential care homes and chore services for the home-bound. Your Committee has also appropriated funds for construction of elderly housing facilities in Central and Leeward Oahu.

The Executive Office on Aging has received increased funding for several projects including the development of a case management model for the elderly, a program for older women, and a public employees caregiver study.

Health care payments. Your Committee has continued its support of preventive and alternative health care programs by providing funds for research and development of Medicaid alternatives and cost effective options to in-patient care. Increased levels of funding for programs such as community-based care for victims of acquired immune deficiency syndrome (AIDS) and ventilator-dependent patients, increased funding for medical options for the mothers and infants program, nursing homes without walls, and the Queen's Hospital long-term community care program. Your Committee has also provided sufficient funding to maintain the 56% reimbursement level for Medicaid providers and for continued dental health care.

Automated information systems. Increased automation has been recognized as a valuable means of improving efficiency and ultimately service delivery. Appropriations have been made to continue integration of the Hawaii automated welfare system (HAWI). Additionally, funds have been provided in the biennium to complete the Child Protective Service System and creation of the new Social Service Information System.

Administrative support. In order to continue to improve the overall efficiency and effectiveness of the Department of Human Services, your Committee has provided funds for increased staff support, a worker incentive program, and a volunteer coordinator program.

Hawaiian home lands. In order to assist and further enhance the State's efforts to return Native Hawaiian individuals to the land, your Committee has authorized the Department of Hawaiian Home Lands to fund capital improvement projects using special purpose revenue bonds. Your Committee has also provided the Department with general funds for

administrative and operational costs, thereby allowing the Department to utilize appropriate amounts of its special fund to float the abovementioned revenue bonds.

Capital improvement projects. Your Committee has provided funding for various capital projects relating to low-income housing developments, shelters for the homeless, further development of Hawaiian home lands projects, and a new state veterans cemetery.

LOWER EDUCATION

The public school system of Hawaii is at the crossroads. The policies which are developed and supported by this Legislature will have a crucial bearing on whether Hawaii will be on the road to genuine educational reform. During this session, support for educational reform has been received from the Governor as well as community leaders, parent and student groups, and the Department of Education. The impetus for change and improvements has never been more promising. For this reason, education reform has been the focal point for major program and budgetary decisions. Your Committee wants both a quickstart and a firm foundation for educational reform, and it supports efforts to bring about enduring changes by establishing school-community-based management, supplementing programs for core learning, and initiating an aggressive program of statewide capital improvements.

School-Community-Based Management. The primary focus of your Committee's efforts to improve the school system lies with the concept called "School-community-based management". Under school-based management, decision making is decentralized allowing schools to more fully determine their own destiny. Based on models successfully used elsewhere, there is much to be gained. At the same time, your Committee realizes the importance of prudence in implementation. Accordingly, your Committee has provided funds to enable 30 schools to participate in a demonstration program. Once established, additional schools will be brought on-line until all schools are included.

School Priority Fund. Your Committee reaffirms support of the School Priority Fund which permits each school flexibility in the use of certain funds above and beyond its basic needs. Your Committee has not only approved the department's request to increase the per student allotment from \$17 to \$25, but has increased the priority fund allotment by \$3.4 million above the department's recommendation to allow for a \$35 per student allotment.

Textbooks and Related Supplies. Excellence in education requires the necessary tools. Textbooks and related supplies are essential to proper learning. Your Committee has provided funding for \$2.0 million to replace and update textbooks and related supplies on a timely basis.

Core Learning. Core learning involves the equitable provision of language arts, mathematics, social studies, science, and other subjects. Your Committee recognizes the importance of establishing a firm base from which to develop and nurture the various programs. In so doing, your Committee has provided funds for 133 core positions and \$4.0 million over the biennium for core learning.

Special Education. Special education students have unique needs that must be met. To meet the projected rise in enrollment, your Committee has increased funding for special education by an additional \$3.3 million and 87 positions.

Repair and Maintenance. Providing the proper environment is paramount to learning and teaching. Schools must be safe, functional, properly equipped, and a source of pride for students, teachers, and the community. Consequently, an additional \$30 million for the biennium has been allocated for special repair and maintenance. Your Committee is concerned however, that the answer to the repair and maintenance problem is not necessarily found in making additional appropriations. Despite the award of generous allotments in past years, disturbing differences in school appearance remain.

Your Committee has also approved an aggressive long-term capital improvement program by appropriating \$90 million each year over a seven-year period for major renovation of existing facilities and for new construction.

Financial Management System. Your Committee has appropriated \$10.3 million for a new financial management system to facilitate current school operations, promote organizational effectiveness, and aid schools operating under school based management to arrive at informed and educated decisions.

Special Needs Schools. Certain schools, for varying reasons, will not be able to realize their full potential through programs and funds currently available. Your Committee has provided \$4.2 million over the biennium to address the special needs of 10 special needs schools. The data and experience gathered from this program should be useful and applicable to other existing programs.

Learning Centers. Learning centers offer students opportunities in educational and personal development not available in the "regular" school system. Funding has been appropriated to expand these learning centers to an additional six schools.

Microcomputers in Education. In recognition of the value of computer literacy and the positive effects of computers on learning, your Committee has appropriated \$2.3 million over the biennium for computer equipment.

Starlab. The highly innovative starlab pilot project attempts to bring the experiences and excitement of a planetarium to every elementary school. Funding has been provided to allow for one starlab and one support person for each county, with Honolulu receiving two.

Conversion of temporary positions. Recognizing the importance of the 20:1 reduced class ratios for kindergarten to first grade instruction, your Committee has attempted to augment services delivered to this section of public education by authorizing the conversion of 322.0 temporary kindergarten and first grade teacher positions to permanent position status. It is hoped that this action will result in lower teacher turnover, and an elevated level of education for our children. Your

Committee has also authorized the conversion of 181.0 additional positions in existence for over 5 years. A study will be conducted in the interim to address DOE as well as other state temporary positions in an attempt to devise a fair and equitable method to determine the conversion of temporary positions.

Funding quality education is a major priority for your Committee however, with the growth and expansion of the University of Hawaii, a major fiscal shortfall has been created. Your Committee has provided \$9.2 million to address this major salary shortfall. When the university received budgetary flexibility, it also assumed greater responsibility over the administration of their budget, not less. Your Committee is deeply concerned over this fiscal irresponsibility and recommends that the university review their budget policies to correct this deficiency.

The nursing shortage remains a critical problem throughout the entire nation. In the State of Hawaii, approximately 1,300 nurses will be needed by 1992. Your Committee has provided \$3.5 million to expand the current nursing programs.

A broad spectrum of student services is essential to the total development of students progressing through our university system. Your Committee finds that student services have not kept abreast of the changing and growing needs of the student population. Therefore, your Committee provided \$3.8 million to strengthen this very important sector of higher education. With funds provided, your Committee established new and innovative programs, such as the women's center and the minority affairs office. These new programs will provide much needed support for the non-traditional students and historically underrepresented ethnic groups.

Your Committee authorized a total of \$26 million over the biennium to improve many of the campus facilities throughout the University of Hawaii system. Your Committee finds that well-maintained physical facilities will enhance the academic environment and improve student morale and retention.

The continuous replacement of obsolete and worn-out equipment is an important priority for the university. Your Committee was cognizant of this need and provided \$17 million.

The Governor declared 1989 as the Year of the Undergraduate. Your Committee provided \$9.3 million for undergraduate programs across the curriculum, such as writing, remedial math and English courses. Further funds were provided to decrease the student-professor ratio in civil engineering and electrical engineering, and to create a baccalaureate degree in Pacific island studies.

Your Committee has provided \$1 million to expand the Honolulu Community College aviation maintenance technology program. This center will provide an opportunity for Hawaii to become the leader in aviation maintenance training in the Pacific rim.

With the expansion of the university, the demand for greater computer support has increased. Your Committee provided \$2 million for computer support which will provide more efficient services for students.

CULTURE AND RECREATION

Ocean-based recreation. With the increase in ocean-based activities, there has been increasing public concern expressed about the safety and welfare of resident and visitor populations utilizing our recreation areas. Your Committee has recognized the lack of adequate law enforcement in Hawaii's ocean recreation areas, and therefore has provided 11 new marine patrol officers to upgrade enforcement of state rules and regulations in Hawaii's ocean areas.

Your Committee has also provided funding for capital improvement projects at Aloha Stadium and various state parks.

PUBLIC SAFETY

Funds are provided to support continued improvements in the state's correctional system. Particular attention has been focused on accomplishing provisions of the consent decree related to programs and facilities at the Oahu and Women's Community Correctional Centers, including construction of urgently needed new facilities and development of alternatives to incarceration. Your Committee has also made provision for the purchase of innovative temporary housing structures for a pilot project at Maui Community Correctional Center.

Continued increases in inmate populations require enhanced efforts throughout the system for expanded health services, upgraded educational and vocational instruction, substance abuse testing and treatment, and correctional industries. Other programs approved include alternative supervision arrangements for some categories of adult and youth offenders, and computerized record keeping.

Your Committee has provided funds for youths at the Hawaii Youth Correctional Facility to implement the following programs: a substance abuse treatment service, a wilderness-ocean challenge program, a youth forestry work program, a group transition program, and the development of improved staff and facilities.

GOVERNMENT-WIDE SUPPORT

Legal services. To meet the challenge of the increasingly competitive market for skilled, experienced attorneys, your Committee has provided for increased compensation to attract and retain deputy attorneys within the Department of Attorney General, Department of Commerce and Consumer Affairs, and Public Defender. Funds provided should raise attorney salaries to levels comparable with the Honolulu Prosecutor's Office.

In view of overwhelming support expressed by every department in the executive branch, your Committee has provided continued funding to the electronic data processing division of the department of budget and finance to support the operations of the Ho'ike data-base system.

Aid to counties. In lieu of enacting the proposal to transfer the liquor and tobacco tax revenues to the counties, a plan has been developed for additional funding of grants in aid. The regular base has been some \$19 million apportioned to the four counties. To that amount, your Committee is appropriating an additional \$30 million for allocation to the counties. In addition, the counties are being assisted through various grants in aid for specific capital improvement projects which are under their administrations.

RECOMMENDATION

In summary, the appropriations highlighted in this report as well as others that have been provided for in the bill comprise an aggressive and broad budgetary approach in addressing the major program needs of the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 205, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 205, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 146 on S.B. No. 1154

The purpose of this bill is to stiffen the penalties for the promotion of marijuana and similar substances in furtherance of the war against drugs.

Your Committee has made the following amendments to this bill:

To specify that promoting a detrimental drug in the first degree is committed when one sells or barter any marijuana or any Schedule V substance;

To provide that marijuana which has been seized as evidence may be destroyed after it has been photographed and its weight recorded;

To define the offense of promoting a detrimental drug in the second degree as the distribution of any marijuana or any Schedule V substance in any amount; and

To specify that commercial promotion of marijuana in the second degree is committed when: one possesses, cultivates, or has under the person's control fifty or more marijuana plants; or cultivates on land owned by the government or other legal entity any marijuana plants; or sells or barter any marijuana or any Schedule V substances in any amount to a minor.

Your Committee has made these amendments in an attempt to balance the efforts of law enforcement in fighting the drug problem against the need to provide fair and equitable punishment.

Your Committee has also made minor stylistic and grammatical corrections to this bill for purposes of consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1154, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1154, H.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Hagino, Takamine and Anderson,
Managers on the part of the House.

Senators Menor, Aki, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 147 on S.B. No. 42

The purpose of this bill is to amend provisions of the dependent care tax credit. More specifically, this bill increases the maximum amount of the credit that may be claimed by a resident taxpayer from fifteen to thirty per cent of employment related expenses, with the minimum credit to be phased out at twenty per cent instead of ten per cent.

Your Committee finds that the increasing number of families headed by single persons or couples in which both spouses work make it likely that the demand for affordable child care will continue. The increase in the tax credit is necessary to help working parents pay the increasingly high costs of child care.

Your Committee upon further consideration has amended S.B. No. 42, H.D. 1 to change the maximum amount of the credit that may be claimed by a resident taxpayer to twenty-five per cent of employment related expenses, with the minimum credit to be phased out at fifteen per cent.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 42, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 42, H.D. 1, C.D. 1.

Representatives Arakaki, Fukunaga, Amaral, M. Ige, Ihara and Liu,
Managers on the part of the House.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo,
Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 148 on S.B. No. 1052

The purpose of this bill is to create a California-Hawaii Commission to pursue the development of a health care delivery system for, and with, the residents of Asia and the Pacific Basin. Your Committee intends that appropriated funds be used only for direct personnel and operational expenses.

Your Committee has amended this bill by:

- (1) Deleting all references to a health care delivery system;
- (2) Substituting the phrase "Asia and Pacific nations" for the phrase "Pacific Basin" throughout this bill;
- (3) Changing the method of appointment of commission members so that it is controlled by the members' respective states;
- (4) Changing the commission members' terms from two to four years;
- (5) Expanding the duties of the commission;
- (6) Deleting the matching funds requirement in Section 7;
- (7) Changing the commission's focus to joint economic projects in Asia and Pacific nations relating to health promotion and development, environmental protection, and related information systems and technologies;
- (8) Locating the commission in the Department of Health rather than in the Office of the Governor and making the Department of Health the expending agency for appropriated funds;
- (9) Adding a provision for a commission plan with the requirement that the plan be approved by concurrent resolutions of both states' legislatures prior to initiating any projects under the plan; and
- (10) Making minor language and technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1052, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1052, S.D. 2, H.D. 2, C.D. 1.

Representatives Shon, Tom, Horita, Ihara, Kotani and Cavasso,
Managers on the part of the House.

Senators Chang, A. Kobayashi, Hagino, Matsuura and George,
Managers on the part of the Senate.

Conf. Com. Rep. 149 on H.B. No. 694

The purpose of this bill is to appropriate funds from the general revenues of the State, or settlements and miscellaneous claims.

Your Committee upon further consideration has made the following amendment to H.B. 694 H.D. 2, S.D. 1:

A settlement in the amount of \$25,000.00 in the case Rubenstein v state, civil no. 87-4016, 1st cir. has been added.

This settlement was inadvertently omitted from earlier drafts of this bill.

The bill has been amended to add the required spending ceiling language in a new section with subsequent sections renumbered.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 694, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 694, H.D. 2, S.D. 1, C.D. 1.

Representatives Metcalf, Fukunaga, Amaral, Bellinger, Tajiri and Anderson,
Managers on the part of the House.

Senators Menor, Aki, Blair, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 150 on H.B. No. 43

The purpose of this bill is, first, to establish a Center for Alternative Dispute Resolution within the Judiciary, making alternative dispute resolution a permanent feature of state government. The Center's purpose would be to help reduce public and private costs of litigation and increase satisfaction with the justice system, by facilitating the effective, timely, and voluntary resolution of disputes. The Center's functions would include resolving complex civil disputes, and public disputes involving the allocation or management of public resources or the siting of public facilities.

The second purpose of the bill is to establish a Pacific Institute for Peace and Conflict Resolution, located within the office of the governor for administrative purposes.

Your Committee upon further consideration has made the following amendments to H.B. No. 43, H.D. 2, S.D. 2:

- (1) Deleted the words "Part I" from page 1, line 1 of the bill;
- (2) Inserted the word "such" before the word "disputes" on page 2, line 1 of the bill;
- (3) Substituted the word "Act" for the word "part" on page 2, line 7 of the bill;
- (4) Deleted reference to the salary of the Director, starting at page 4, line 23 of the bill;
- (5) Deleted the words "including the director" from page 5, lines 7 and 8 of the bill;
- (6) Changed the initial letters of the words "State", "Association", and "Counties" from capital letters to lower-case on page 6, line 2 of the bill;
- (7) Deleted Sections 4 through 9 of the bill, relating to the proposed peace institute;
- (8) Inserted language repealing the Act on June 30, 1991; and
- (9) Made technical, nonsubstantive amendments to the bill for the sake of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 43, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 43, H.D. 2, S.D. 2, C.D. 1.

Representatives Metcalf, Taniguchi, Tom, Kawakami, Duldulao and Anderson,
Managers on the part of the House.

Senators Yamasaki, Menor, Hagino, Matssura, B. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 151 on H.B. No. 979

The purpose of this bill is to improve the present criminal injuries compensation process by providing for conformity with changes to the Penal Code dealing with violent crimes, and compensation of Hawaii residents injured or killed in an area or place where there is no crime victim compensation program.

Your Committee upon further consideration has made the following amendments to H.B. 979 H.D. 1, S.D. 1. The members compensation is increased from \$50 per day to \$100 per day.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 979, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 979, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Bellinger, Takamine and Anderson,
Managers on the part of the House.

Senators Menor, Blair, A. Kobayashi, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 152 on H.B. No. 148

The purpose of this bill is to amend chapter 291C-103, Hawaii Revised Statutes, by adding a definition of "exhibition of speed or acceleration" and to amend the penalty for the violation thereof.

Your Committee has amended this measure by amending the penalty provision to clarify that violation of "exhibition of speed or acceleration" carries the penalty of either a fine, or community service, or both. The violation of the remainder of this section, such as "drag race" or "racing" is punishable by a six months prison term or a fine, or both.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 148, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 148, H.D. 1, S.D. 2, C.D. 1.

Representatives Metcalf, Amaral, Hagino, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, Aki, Fernandes Salling and George,
Managers on the part of the Senate.

Conf. Com. Rep. 153 on S.B. No. 846

The purpose of this bill is to reiterate the rights of students to express themselves in the public schools.

Under this bill, no expressions or publications by students shall (1) be deemed to be indicative of school policy, or (2) subject any school official to civil or criminal liability.

Your Committee heard testimony in support of this measure from the Department of Education and a private school teacher and finds that the Department's internal policy recognizes the rights of students to personal and academic freedom. Consistent with this policy, this bill expressly recognizes the right of public school students to freedom of expression.

Your Committee has amended this bill by making a technical change which has no substantive effect.

Your Committee wishes to make clear, however, that rights and responsibilities go hand in hand and that students are and should be held to the responsible exercise of their right to freedom of expression. Schools are special institutions in which mutual respect and cooperation are essential to a productive and successful learning environment. The right to free expression does not allow for disruptive activity which adversely affects the learning environment and the opportunity to be educated.

This bill does not change or diminish the discipline or enforcement powers of any state agency, including schools.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 846, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 846, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Bellinger, Oshiro, Yoshimura and Anderson,
Managers on the part of the House.

Senators B. Kobayashi, McCartney and Menor,
Managers on the part of the Senate.

Conf. Com. Rep. 154 on S.B. No. 740

The purpose of this bill, as received, was to: (1) clarify when a conviction has occurred for the purposes of revocation and modification of probation conditions; and (2) expand the protections afforded to sureties in the event of the forfeiture of a bail bond or recognizance.

Your Committee has amended this bill to delete the section pertaining to the definition of a "conviction" since a parallel provision contained in H.B. No. 564 has already been passed by the legislature.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 740, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 740, H.D. 1, C.D. 1.

Representatives Metcalf, Oshiro, Peters, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, Crozier, Holt and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 155 on H.B. No. 205

The purpose of this General Appropriations Bill of 1989 is to appropriate funds for the operations and capital improvements of executive agencies for the 1989-1991 fiscal biennium.

Your Committee wishes to reiterate the fundings included in the Conference Committee report in the C.D. 1.

FINANCIAL AND ECONOMIC OVERVIEW

The latest general fund tax collections report from the Department of Taxation continues to be favorable. With the completion of three full quarters of the current fiscal year through the end of March, general fund tax revenues are running 14.1 percent ahead of collections for the same period in the previous fiscal year. The increase of 14.1 percent is also substantially ahead of the increase of 9.2 percent which was used as the basis for the Governor's general fund financial plan. Thus, the financial trends indicate that the projected general fund surplus at the end of the current fiscal year, earlier estimated at \$429 million, should be realized and could very well be bettered.

The overall fortunate and favorable financial condition of the State, supported by an expanding economy and fueled especially by growth in construction and record highs in tourism, indicates that three courses of action can be pursued

simultaneously. These courses are: (1) the enactment of tax relief measures; (2) the provision of tax rebates in the form of tax credits, triggered by the level of the general fund balance; and (3) new program initiatives and reinforcement of existing programs through this General Appropriations Bill and other measures.

With respect to income tax relief for individuals, your Committee supports the overall approach recommended by the State administration. In a separate measure, tax relief will be provided for all income classes, with proportionately more relief to lower provisions including increasing the standard deduction, revising the income tax rate schedules downward while broadening the tax brackets, and enacting a new medical services tax credit for general excise taxes paid on medical expenses. These provisions will provide \$50 million in tax savings for individual taxpayers.

Because the level of the general fund balance for the past two fiscal years exceeds the threshold set by the State Constitution, tax refunds or tax credits in general must also be provided to individual taxpayers. In a separate measure, your Committee has sought to return a meaningful amount to resident taxpayers while at the same time appropriating funds which represent an investment in the future. The total tax rebate recommended in the form of tax credits amounts to some \$112.5 million, the aggregate of returning \$125 to each individual taxpayer multiplied by the number of qualified exemptions.

The size of the rebate has been the subject of substantial public discussion, and the views range from those who feel that all of the projected surplus should be applied to increased government spending to those who feel all of it should be returned to taxpayers. In between are those who feel that some balance should be struck between increasing funding to meet the most urgent needs and returning some of the surplus to the people of Hawaii.

Your Committee has adopted the middle course. One of the considerations is that not all of the surplus has been generated by the individual income taxpayers of this State. Indeed, Hawaii is fortunate that it is able to export a substantial amount of its taxes, mainly as a result of expenditures by visitors. The continuing growth of tourism during the past two years, the growth of tourism expenditures marked especially by the large and increasing amounts of expenditures by eastbound visitors and the direct application of the transient accommodations eastbound tax have all been important contributors to tax revenues. Therefore, it would not be correct to proceed on the basis that the surplus is entirely the result of overpayments by resident taxpayers and that all of it should therefore be returned to them. The balanced approach of tax relief, tax rebates, and selected funding investments is the fairest approach and also the wisest course in the long run.

As an investment in the future, no major program has been given greater scrutiny, consideration, and support than the program for the public school system. In what your Committee hopes will be the first of a number of major steps on the road to educational reform, funding has been provided to put the building blocks of reform in place. The remainder of this report summarizes the more important decisions and considerations of your Committee--in education as well as in other important programs.

ECONOMIC DEVELOPMENT

Your Committee has noted in its economic overview that at present, the State's economy continues to grow at a healthy pace. To minimize the possible effects of future economic downturns, your Committee has provided support to various economic development programs to broaden and expand Hawaii's economic base.

Business development. Hawaii's focus in this area is to internationalize our economy through trade, financial services, film and high technology industries. Your Committee has provided funding to explore the establishment of an affiliated trading floor in Honolulu through the California-based Pacific Stock Exchange. Your Committee has increased funding for the expansion of Hawaii's film industry by providing an additional \$525,000 for promotion and incentives to encourage film making in Hawaii. In the area of high technology, your Committee has provided \$3,780,000 in fiscal year 1989-90 and fiscal year 1990-91 for the Pacific International Center for High Technology Research (PICHTR) to establish Hawaii as a high technology leader in the Pacific region.

Also in the high technology area, capital improvement projects which received funding include the Natural Energy Laboratory of Hawaii, Hawaii Ocean Science and Technology Park, and Keahole Point. Funds were also provided for an aquaculture research and training facility and continued support of geothermal development.

Tourism. The visitor industry is the source of the most economic activity in our State and thus its promotion is of utmost importance to Hawaii. Increasing competition in the visitor industry has lead to more aggressive and expanded marketing of Hawaii by both the State and the private sector. Your Committee has enhanced the tourism advertising budget for all markets, while emphasizing the importance of sustaining the base market.

Your Committee has also provided \$2,150,000 for continued destination marketing of the neighbor islands in order to encourage a statewide approach in the promotion of Hawaii. Funds are also provided to promote Hawaii as a sports and cultural center through such sporting events as the Honolulu Marathon and the Hula Bowl, and cultural attractions such as the Hawaii Maritime Museum, the Festival of the Pacific, and the Hawaii International Film Festival.

Agricultural products. Continued support for the promotion of diversified agricultural products is provided as well as increased funding for pest control and eradication projects relating to fruitfly, gorse infestation, and webworm. Funds are provided for capital improvement projects including development of a livestock agricultural park and statewide water development and irrigation system projects.

EMPLOYMENT

At present, employment and personal income in the State of Hawaii are higher, and unemployment has maintained its low rate. Your Committee has provided support to maintain this high level of employment and to expand the

"employability" of the workforce. Your Committee finds that these programs contribute to the dignity and self-sufficiency of these individuals, thereby reducing the State's obligation in other human services programs.

Placement services. Your Committee has appropriated funds to provide job seekers with easily accessible job search/vocational guidance to fulfill their career goals. Funding has also been provided to establish Job Help Stores in West Oahu and West Hawaii to deliver employment, training and other human services to job seekers. Job Help Stores will also serve as resource centers for employers and labor organizations.

Employment and training programs. With the overall goal of establishing Hawaii as the leader of the Pacific-Asian region, your Committee has funded programs for job training in high-technology and visitor industries. Funds are also provided for the training and placement of Vietnam-era, recently separated, and service-connected disabled veterans who fail to qualify for programs under the federal Job Training Partnership Act. Funds are also provided to train recent immigrants to our State, and persons considered marginally employable.

Transition centers. Your Committee has appropriated funds for transition services to special education students. Further funding has been provided for expansion of transition services to two new schools in each year of the biennium. Participants in the program will be provided with a spectrum of career/employment planning services to provide support for their transition from school to employment.

TRANSPORTATION

Airports. The increasing number of visitor arrivals continues to place a severe strain on our existing airport facilities. Your Committee has provided funds for runway extensions at Lihue, Keahole, and Kahului airports, and the Department of Transportation will be coordinating approvals for the runway projects with the respective counties. In addition, funds have been provided for 63 new positions to operate and maintain the soon to be completed Kahului Airport. When completed in July 1990, the \$73 million Phase I of Kahului Airport will greatly improve airport operations to handle the estimated 5 million passenger traffic expected by the end of FY 1989-90. Your Committee has provided an additional \$3 million in each year of the biennium to operate the Wiki Wiki shuttle bus service at Honolulu International Airport.

Highways. Your Committee is aware that by the end of FY 1990-91, the highway fund's permanent sources of revenue will not be able to meet the operating and maintenance cost of Hawaii's roads and highways. To reduce the need for costly, major repairs and maintenance of the state highways, \$49.8 million over the biennium has been provided to allow for the maintenance of our highways on a planned 10-year cycle instead of the current 17-year cycle. Your Committee feels that a regular 10-year resurfacing program will enhance safety, efficiency and effectiveness and will result in significant long-term savings. To bring an additional measure of relief to the highway fund, your Committee will also allow for the transfer of airport special funds to the highway special funds if federal approval is received.

Your Committee has also provided funding for capital projects including Kalaniana'ole Highway, Interstate H-3, Fort Weaver Road, contra-flow lanes, Honoapiilani Highway, the Saddle Road and various safety improvement for Kauai.

Harbors. Your Committee fully supports the Governor's proposed redevelopment of the waterfront area and his commitment to maintain the Kapalama Military Reservation and surrounding areas as public lands. To these ends, in a separate measure, your Committee has approved the appropriation of \$90 million in general obligation bonds to purchase the Kapalama Military Reservation and adjoining lands. Your Committee has also provided capital improvement funds for enhancements to existing harbors including those at Honolulu, Barber's Point, Kawaihae and Nawiliwili, and expansions of interisland transit between Maui and Molokai.

Administrative support. General support services to enhance engineering, design, fiscal, and administration services have been provided to the three major divisions through funding of electronic data processing consultant contracts and the Intergraph CADD (Computer Aided Design and Drafting). The Intergraph CADD will notably assist the department in reviewing proposed highway projects.

ENVIRONMENTAL PROTECTION

Protection of our limited island resources is critical to maintaining our residents well-being as well as our State's economic health. To encourage increased wastewater management throughout the State, your Committee has provided \$50 million for the establishment of a wastewater revolving fund in another measure. Other funding is provided to assist the counties in improving their landfill management capabilities. Your Committee has also provided funds for increased ground water support services, underground injection control and monitoring, a geothermal and volcanic emission monitoring pilot project, and \$750,000 during the biennium for implementation of the state water code.

HEALTH

Your Committee finds that many residents of the State are not able to afford medical insurance. Your Committee finds this to be an intolerable situation, and is committed to assuring that quality, affordable health care be made available to the entire citizenry of Hawaii. Therefore, recommended for passage is a \$14 million measure establishing a State Health Insurance Program to offer medical insurance to the people of the State. Your Committee finds that this program, once implemented, will enhance the dignity and well-being of our people, and further, that by focusing on outpatient, preventive care, future costs to the State will be minimized.

The county/state hospital system has been provided with 128 additional permanent positions to enhance services to Hawaii's population. Your Committee has provided funding and positions to facilitate the Department of Health's reorganization effort. In this 100th year of the anniversary of Father Damien's death funding for a variety of projects aimed at enhancing Kalaupapa has been provided, to include patient pensions, patient employment, repair and maintenance, equipment, patient rations, and health services.

SOCIAL SERVICES

Child care and protective services. One of Hawaii's most serious problems continues to be the lack of affordable, quality child care. Your Committee has provided funding to initiate before and after-school care demonstration projects statewide. Funds have also been provided to the Office of Children and Youth for the development of child care/early childhood education demonstration project and a statewide strategic plan.

Serious problems in the areas of child abuse and neglect must be addressed. Your Committee has responded to the immediate need for improvement of child protective services (CPS) by increasing resources for statewide implementation of a new "CPS-team" approach, provides shortage pay differential for CPS employees, training, and recruitment and retention of case workers. Expansion of and increases in foster board payments and assistance for AFDC families will also help children in need of care.

Elder care and protective services. Hawaii's elderly population continues to grow and thus increases the need for long-term care and protective services. Your Committee has approved increased funding of additional elderly protective services staff, and increased amounts for payments to adult residential care homes and chore services for the home-bound. Your Committee has also appropriated funds for construction of elderly housing facilities in Central and Leeward Oahu.

The Executive Office on Aging has received increased funding for several projects including the development of a case management model for the elderly, a program for older women, and a public employees caregiver study.

Health care payments. Your Committee has continued its support of preventive and alternative health care programs by providing funds for research and development of Medicaid alternatives and cost effective options to in-patient care. Increased levels of funding for programs such as community-based care for victims of acquired immune deficiency syndrome (AIDS) and ventilator-dependent patients, increased funding for medical options for the mothers and infants program, nursing homes without walls, and the Queen's Hospital long-term community care program. Your Committee has also provided sufficient funding to maintain the 56% reimbursement level for Medicaid providers and for continued dental health care.

Automated information systems. Increased automation has been recognized as a valuable means of improving efficiency and ultimately service delivery. Appropriations have been made to continue integration of the Hawaii automated welfare system (HAWI). Additionally, funds have been provided in the biennium to complete the Child Protective Service System and creation of the new Social Service Information System.

Administrative support. In order to continue to improve the overall efficiency and effectiveness of the Department of Human Services, your Committee has provided funds for increased staff support, a worker incentive program, and a volunteer coordinator program.

Hawaiian home lands. In order to assist and further enhance the State's efforts to return Native Hawaiian individuals to the land, your Committee has authorized the Department of Hawaiian Home Lands to fund capital improvement projects using special purpose revenue bonds. Your Committee has also provided the Department with general funds for administrative and operational costs, thereby allowing the Department to utilize appropriate amounts of its special fund to float the abovementioned revenue bonds.

Capital improvement projects. Your Committee has provided funding for various capital projects relating to low-income housing developments, shelters for the homeless, further development of Hawaiian home lands projects, and a new state veterans cemetery.

LOWER EDUCATION

The public school system of Hawaii is at the crossroads. The policies which are developed and supported by this Legislature will have a crucial bearing on whether Hawaii will be on the road to genuine educational reform. During this session, support for educational reform has been received from the Governor as well as community leaders, parent and student groups, and the Department of Education. The impetus for change and improvements has never been more promising. For this reason, education reform has been the focal point for major program and budgetary decisions. Your Committee wants both a quickstart and a firm foundation for educational reform, and it supports efforts to bring about enduring changes by establishing school-community-based management, supplementing programs for core learning, and initiating an aggressive program of statewide capital improvements.

School-Community-Based Management. The primary focus of your Committee's efforts to improve the school system lies with the concept called "School-community-based management". Under school-based management, decision making is decentralized allowing schools to more fully determine their own destiny. Based on models successfully used elsewhere, there is much to be gained through a decentralized system. At the same time, your Committee realizes the importance of prudence in implementation. Accordingly, your Committee has provided funds to enable 30 schools over the biennium to participate in a demonstration school-community-based management program. Once the school-community-based-management program is evaluated, your Committee is optimistic that all public schools in the State of Hawaii will be managed through this joint effort between school and its surrounding community.

School Priority Fund. As another component of the transition to school-community-based management, your Committee reaffirms support of the School Priority Fund which permits each school flexibility in the use of certain funds above and beyond its basic needs. Your Committee has not only approved the department's request to increase the per student allotment from \$17 to \$25, but has increased the priority fund allotment by \$3.4 million above the department's recommendation to allow for a \$35 per student allotment.

Textbooks and Related Supplies. Excellence in education requires the necessary tools. Textbooks and related supplies are essential to proper learning. Your Committee has provided funding for \$2.0 million to replace and update textbooks and related supplies on a timely basis.

Core Learning. Core learning involves the equitable provision of language arts, mathematics, social studies, science, and other subjects. Your Committee recognizes the importance of establishing a firm base from which to develop and nurture the various programs. In so doing, your Committee has provided funds for 133 core positions and \$4.0 million over the biennium for core learning.

Special Education. Special education students have unique needs that must be met. To meet the projected rise in enrollment, your Committee has increased funding for special education by an additional \$3.3 million and 87 positions.

Repair and Maintenance. Providing the proper environment is paramount to learning and teaching. Schools must be safe, functional, properly equipped, and a source of pride for students, teachers, and the community. Consequently, an additional \$30 million for the biennium has been appropriated for special repair and maintenance. Your Committee is concerned however, that the answer to the repair and maintenance problem is not necessarily found in making additional appropriations. Despite the award of generous allotments in past years, disturbing differences in school appearance remain.

In a separate measure, your Committee has also approved an aggressive, long-term capital improvement program for the schools. Through the creation of the educational facilities special fund, \$90 million in general excise tax revenues will be earmarked over a seven-year period for major renovations of existing facilities and for new construction. These funds will be sufficient to meet the needs of the public schools for the next ten years.

Financial Management System. Your Committee has appropriated \$10.3 million for a new financial management system to facilitate current school operations, promote organizational effectiveness, and aid schools operating under school based management to arrive at informed and educated decisions.

Special Needs Schools. Certain schools, for varying reasons, will not be able to realize their full potential through programs and funds currently available. Your Committee has provided \$4.2 million over the biennium to address the special needs of 10 special needs schools. The data and experience gathered from this program should be useful and applicable to other existing programs.

Learning Centers. Learning centers offer students opportunities in educational and personal development not available in the "regular" school system. Funding has been appropriated to expand these learning centers to an additional six schools.

Microcomputers in Education. In recognition of the value of computer literacy and the positive effects of computers on learning, your Committee has appropriated \$2.3 million over the biennium for computer equipment.

Starlab. The highly innovative starlab pilot project attempts to bring the experiences and excitement of a planetarium to every elementary school. Funding has been provided to allow for one starlab and one support person for each county, with Honolulu receiving two.

Conversion of temporary positions. Recognizing the importance of the 20:1 reduced class ratios for kindergarten to first grade instruction, your Committee has attempted to augment services delivered to this section of public education by authorizing the conversion of 322.0 temporary kindergarten and first grade teacher positions to permanent position status. It is hoped that this action will result in lower teacher turnover, and an elevated level of education for our children. Your Committee has also authorized the conversion of 181.0 additional positions in existence for over 5 years. A study will be conducted in the interim to address DOE as well as other state temporary positions in an attempt to devise a fair and equitable method to determine the conversion of temporary positions.

HIGHER EDUCATION

Your Committee supports the University of Hawaii's efforts to recruit and retain faculty of high caliber. Your Committee recognizes the need to periodically adjust faculty salaries in order to sustain the University's recruiting and retention capabilities. However, your Committee notes that this practice has resulted in major deficits in the University's current service operating budget. To alleviate these shortfalls, your Committee has provided \$9.2 million over the biennium. However, your Committee directs the University to evaluate its management and budgeting policies to determine a prudent method of planning for these expenditures. Your Committee notes that the 1987 Legislature also provided \$2 million to address this problem. Your Committee disapproves of the University's practice of requesting additional funds for this purpose after positions have been filled.

Funding quality education is a major priority for your Committee however, with the growth and expansion of the University of Hawaii, a major fiscal shortfall has been created. Your Committee has provided \$9.2 million to address this major salary shortfall. When the university received budgetary flexibility, it also assumed greater responsibility over the administration of their budget, not less. Your Committee is deeply concerned over this fiscal irresponsibility and recommends that the university review their budget policies to correct this deficiency.

The nursing shortage remains a critical problem throughout the entire nation. In the State of Hawaii, approximately 1,300 nurses will be needed by 1992. Your Committee has provided \$3.5 million to expand the current nursing programs, in order to meet the State's demands in this health care area.

A broad spectrum of student services is essential to the total development of students progressing through our university system. Your Committee finds that student services have not kept abreast of the changing and growing needs of the student population. Therefore, your Committee provided \$3.8 million to strengthen this very important sector of higher education. With funds provided, your Committee established new and innovative programs, such as the women's center and the minority affairs office. These new programs will provide much needed support for the non-traditional students and historically underrepresented ethnic groups.

Your Committee authorized a total of \$26 million over the biennium to improve many of the campus facilities throughout the University of Hawaii system. Your Committee finds that well-maintained physical facilities will enhance the academic environment and improve student morale and retention.

The continuous replacement of obsolete and worn-out equipment is an important priority for the university. Your Committee was cognizant of this need and provided \$17 million.

The Governor declared 1989 as the Year of the Undergraduate. Your Committee provided \$9.3 million to address undergraduate curriculum needs, such as writing, remedial math and English courses. Further funds were provided to decrease the student-professor ratio in civil engineering and electrical engineering, and to create a baccalaureate degree in Pacific island studies.

Your Committee has provided \$1 million to expand the Honolulu Community College aviation maintenance technology program. This center will provide an opportunity for Hawaii to become the leader in aviation maintenance training in the Pacific area.

With the expansion of the university, the demand for greater computer support has increased. Your Committee provided \$2 million for computer support which will provide more efficient services for students.

CULTURE AND RECREATION

Ocean-based recreation. With the increase in ocean-based activities, there has been increasing public concern expressed about the safety and welfare of resident and visitor populations utilizing our recreation areas. Your Committee has recognized the lack of adequate law enforcement in Hawaii's ocean recreation areas, and therefore has provided 11 new marine patrol officers to upgrade enforcement of state rules and regulations in Hawaii's ocean areas.

Your Committee has also provided funding for capital improvement projects at Aloha Stadium and various state parks.

PUBLIC SAFETY

Funds are provided to support continued improvements in the state's correctional system. Particular attention has been focused on accomplishing provisions of the consent decree related to programs and facilities at the Oahu and Women's Community Correctional Centers, including construction of urgently needed new facilities and development of alternatives to incarceration. Your Committee has also made provision for the purchase of innovative temporary housing structures for a pilot project at Maui Community Correctional Center.

Continued increases in inmate populations require enhanced efforts throughout the system for expanded health services, upgraded educational and vocational instruction, substance abuse testing and treatment, and correctional industries. Other programs approved include alternative supervision arrangements for some categories of adult and youth offenders, and computerized record keeping.

Your Committee has provided funds for youths at the Hawaii Youth Correctional Facility to implement the following programs: a substance abuse treatment service, a wilderness-ocean challenge program, a youth forestry work program, a group transition program, and the development of improved staff and facilities.

GOVERNMENT-WIDE SUPPORT

Legal services. To meet the challenge of the increasingly competitive market for skilled, experienced attorneys, your Committee has provided for increased compensation to attract and retain deputy attorneys within the Department of Attorney General, Department of Commerce and Consumer Affairs, and Public Defender. Funds provided should raise attorney salaries to levels comparable with the Honolulu Prosecutor's Office.

In view of overwhelming support expressed by every department in the executive branch, your Committee has provided continued funding to the electronic data processing division of the department of budget and finance to support the operations of the Ho'ike data-base system.

Aid to counties. Your Committee did not approve transferring liquor and tobacco tax revenues to the counties, in order to await the recommendations of the constitutionally established tax review commission, to be presented to the 1990 regular session of the legislature. Your Committee is optimistic that the commission will recommend a fair and equitable method of revenue sharing with the counties. Your Committee recognizes the many demands placed upon the county governments, and therefore has provided additional support to the counties during this one-year study period. Your Committee has provided a total of \$71,968,254 in grants-in-aid to the counties for fiscal year 1989-1990. This amount represents an increase of \$32,520,703 over the current year's grants-in-aid.

RECOMMENDATION

In summary, the appropriations highlighted in this report as well as others that have been provided for in the bill comprise an aggressive and broad budgetary approach in addressing the major program needs of the State.

Your Committee has corrected differences in figures between the House and Senate version of the C.D. 1. Also, projects listed in the C.D. 1 for which no funding was appropriated were deleted.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 205, H.D. 1, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 205, H.D. 1, S.D. 1, C.D. 2.

Representatives Souki, Fukunaga, Baker, Chang, Duldulao, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, A. Kobayashi, Fernandes Salling, Hagino, Ikeda, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 156 on H.B. No. 920

The purpose of this bill is to establish a department of public safety that will be responsible for the formulation and implementation of state policies and objectives for both correctional and law enforcement functions. This bill will transfer the present department of corrections into the division of corrections of the new department and will transfer the office of the sheriff from the judiciary into the law enforcement division of the new department, without substantive changes in their functions. The transfers will take effect on July 1, 1989, but a one-year transition period is provided to complete the transfers.

Your Committee finds that establishment of a department of public safety will ensure better organization and coordination of public safety functions, allow for standardized training, establish a "career ladder" for public safety employees, improve the morale of employees to be transferred to the new department, maintain appropriate separation of powers as mandated by the State Constitution, and thereby help to ensure public health, safety, and welfare.

Upon further consideration, your Committee has amended this bill to:

- (1) Broaden the purpose of the department of public safety to consolidate more public safety functions than only those of the department of corrections and the office of the sheriff;
- (2) Authorize the Governor to select a management team and hire necessary staff to develop the appropriate transition plans, rework position descriptions, revise personnel classifications, develop an organizational structure, prepare a proposed budget, and attend to other administrative details so that the new department can be initially operational by July 1, 1990;
- (3) Transfer to the department of public safety, effective July 1, 1990, the functions and employees of the department of corrections, the office of the sheriff and security personnel in the judiciary, and the state law enforcement office (except for the executive security functions and employees) and the narcotics enforcement division of the department of the attorney general;
- (4) Provide for, as of July 1, 1990, the appointment of the director of public safety and the appointments of three deputy directors to oversee the correctional programs and facilities, the law enforcement programs, and the administration of the new department;
- (5) Transfer to the new department, effective July 1, 1991, the law enforcement and security functions and employees of the department of transportation;
- (6) Require the director of public safety to report to the legislature, no later than twenty days prior to the convening of the Regular Session of 1991, the director's recommendations regarding the transfer to the department of all other public safety functions and employees of state government;
- (7) Preserve prosecutions and civil actions pending or about to be instituted by administrative officers whose functions will be transferred by this bill to the new department;
- (8) Preserve rights to appeal administrative actions or determinations;
- (9) Instruct the revisor of statutes to revise existing statutes to correct references to transferred agencies and offices when the appropriate reference to the new department of public safety has not already been substituted;
- (10) Provide for amendment of conflicting laws to conform to this bill, but also provide that subsequent amendments to sections to be amended by this bill on a future effective date shall include the intervening amendments to the extent that the intervening amendments may be harmonized with the amendments to be made by this bill (for example, if the salaries of the department heads and executive officers set forth in section 26-52, Hawaii Revised Statutes, are changed before the amendments to delete the director of corrections and to add the director of public safety become effective on July 1, 1990, the new salaries should be incorporated in the amendments to section 26-52 as of July 1, 1990, and not revert back to the old salaries contained in section 26-52 as set forth in this bill);
- (11) State, as required by section 9 of article VII of the State Constitution and section 37-93, Hawaii Revised Statutes, the dollar amount and rate by which the appropriation to be made by this bill will exceed, as well as the reasons for exceeding, the state general fund expenditure ceiling for fiscal year 1989-1990; and
- (12) Appropriate \$400,000 for fiscal year 1989-1990 for the plans and preparation for the transfers to be developed and performed by the governor's staff.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 920, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 920, H.D. 1, S.D. 2, C.D. 1.

Representatives Metcalf, Souki, Hagino, Hiraki, Okamura, Say, Takamine and Anderson,
Managers on the part of the House.

Senators Yamasaki, Aki, A. Kobayashi, Matsuura, Menor, Mizuguchi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 157 on H.B. No. 548

The purpose of this bill is to: (1) increase the compensation of precinct officials by amending Section 11-76, Hawaii Revised Statutes; (2) prohibit the solicitation and receipt of political contributions from foreign nationals, by amending Chapter 11, Hawaii Revised Statutes; (3) prohibit national banks, and federally-chartered corporations, from making political contributions, by amending Chapter 11, Hawaii Revised Statutes; (4) add "foreign national" as a new definition to Section 11-191, Hawaii Revised Statutes; and (5) conform the language in Section 235-7, Hawaii Revised Statutes, to reflect the proposed amendments to Section 11-191, Hawaii Revised Statutes. This bill also appropriates \$108,195 to the office of the lieutenant governor to carry out the purposes of Section 1 of the bill.

Your Committee upon further consideration has made the following amendments to H.B. No. 548, H.D. 2, S.D. 2:

- (1) Amended Section 1, page 1, of the bill to provide that alternate precinct officials who are trained and certified and who remain available but do not work in either the primary or general election shall be compensated \$5;
- (2) Amended Section 2, page 1, of the bill by changing the appropriation from \$108,195 for fiscal year 1990-1991 to \$108,000;
- (3) Deleted Section 3, page 2, of the bill, which prohibits the solicitation and receipt of direct political contributions from foreign nationals;
- (4) Deleted Section 4, page 2, of the bill, which prohibits national banks and federally-chartered corporations from making political contributions;
- (5) Deleted Section 5, page 2, of bill, which adds "foreign national" as a new definition to Chapter 11, Hawaii Revised Statutes;
- (6) Deleted Section 6, page 11, of the bill, which conforms language in Section 235-7, Hawaii Revised Statutes, to the proposed amendments to Section 11-191, Hawaii Revised Statutes;
- (7) Deleted Section 7, page 12, of the bill, which contains a severability clause; and
- (8) Amended Section 9, page 13, of the bill to provide that this Act shall take effect on July 1, 1989; and

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 548, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 548, H.D. 2, S.D. 2, C.D. 1.

Representatives Metcalf, Horita, Duldulao, Peters, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, A. Kobayashi, Blair, Holt and George,
Managers on the part of the Senate.

Conf. Com. Rep. 158 on S.B. No. 34

The purpose of this bill is to clarify the periods of time which are to be covered by reports filed with the state campaign spending commission.

Your Committee has amended this bill by deleting proposed language pertaining to the filing of preliminary reports which conflicted with language concerning the filing of final and supplemental reports.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 34, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 34, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Cachola, Shon, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, Holt, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 159 on H.B. No. 1716

The purpose of this bill is to update Hawaii's laws relating to electronic surveillance, and the interception of wire, oral, and electronic communications, to conform and to be in compliance with federal standards.

The measure delineates procedures to be followed pertaining to the disclosure of contents of communication while in electronic storage. Unauthorized access into such electronic data would constitute a class C felony. Access to data requested by law enforcement agencies must be done through a search warrant or court order.

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

- (1) Section 1: page 5, lines 13-14. Amended "or existence of a crime under this part." To: "or existence of a crime or are relevant to a legitimate law enforcement inquiry."
The amendment would clarify that the law is meant to apply to all criminal activities or legitimate law enforcement inquiries. Your Committee finds that without this amendment the measure would be greatly limited as to the types of crime to which it is applicable.
- (2) Similarly, in section 2: page 15, line 17, your Committee has amended this section of the measure so that the application for the authorization to install and use a mobile tracking device must be shown to be relevant to not only crimes covered under part IV of chapter 803, relating to electronic eavesdropping, but to any relevant ongoing criminal investigations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1716, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Andrews, Hagino and Anderson,
Managers on the part of the House.

Senators Menor, Holt, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 160 on S.B. No. 635

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 3 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 3 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 3; and (3) add, to Sections 3 and 5, a proviso that the allocation of funds authorized or appropriated by this bill be subject to the ratification of the collective bargaining agreement for unit 3 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 635, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 635, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 161 on S.B. No. 527

The purpose of this bill is to recognize the critical functions performed by substitute teachers as well as part-time temporary teachers in the maintenance and continuity of daily education by: (1) providing that the pay rates of substitute teachers be compatible with that of regular entry level teachers as calculated on a per diem basis; and (2) making an appropriation for appropriate pay rate adjustments for eligible substitute teachers and part-time temporary teachers.

Your Committee upon further consideration has made the following amendments to S.B. No. 527, S.D. 2, H.D. 2:

- (1) Changed the dollar amount in section 3, line 23, from \$3,400,000 to \$3,317,825 and the per cent figure from 0.15 to 0.14; and
- (2) Changed the dollar amounts in section 4, lines 4 and 6, from \$3,400,000 to \$3,317,825.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 527, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 527, S.D. 2, H.D. 2, C.D. 1.

Representatives Tam, Souki, Hashimoto, Kawakami, Lee and Hemmings,
Managers on the part of the House.

Senators Yamasaki, A. Kobayashi, B. Kobayashi, McCartney and George,
Managers on the part of the Senate.

Conf. Com. Rep. 162 on S.B. No. 644

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining unit 13 cost items including the cost of salary adjustments negotiated between the public employers and the exclusive representative of bargaining unit 13 for the fiscal biennium 1989-1991.

Your Committee has amended the bill to: (1) insert, in Section 1, the correct dollar amount and percentage to indicate the extent to which the state general fund expenditure ceiling for fiscal year 1989-1990 will be exceeded by the appropriations contained in this bill; (2) add fund authorizations and appropriations for the 1991-1993 fiscal biennium; (3) insert, in Sections 2 and 4, the actual amounts to be appropriated to cover the costs of the cost items and salary adjustments for unit 13; and (4) add, to Sections 3 and 5, a proviso that the allocation of the funds appropriated or authorized by this bill be subject to the ratification of the collective bargaining agreement for unit 13 by its members.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 644, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 644, S.D. 1, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Leong and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Nakasato and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 163 on H.B. No. 1703

The purpose of this bill is to reduce the quantity of dangerous and harmful drugs required for conviction of the crime of promoting such drugs.

This measure will provide law enforcement officers a much needed tool in the war on drugs. It has been observed that even when an arrest can be made, the quantity of drugs required to convict a person for a more serious felony remains too high since those statutory quantities were enumerated many years ago. Moreover, the most successful way to make a drug related arrest is the use of undercover operations. With the price of drugs escalating and the amounts required to produce significant arrests, police officers are hampered by the scarcity of funds.

Your Committee has adjusted some of the drug quantity amounts in this bill to address the concern that the penalties for "harmful drugs" not be more serious than that for "dangerous drugs."

Your Committee has amended this bill to specify that the offense of promoting a dangerous drug in the first degree is committed if a person knowingly: possesses one and one-half ounce or more, containing one or more of the other dangerous drugs; or distributes twenty-five or more capsules, tablets, ampules, dosage units, or syrettes containing one or more dangerous drugs; or distributes one or more preparations, compounds, mixtures, or substances of an aggregate weight of three-eighths ounce or more, containing any other dangerous drugs.

Your Committee has amended the bill to specify that the offense of promoting a dangerous drug in the second degree is committed if a person knowingly: possesses twenty-five or more capsules, tablets, ampules, dosage units, or syrettes, containing one or more dangerous drugs; or possesses one or more preparations, compounds, mixtures, or substances of an aggregate weight of one-fourth ounce or more, containing a dangerous drug.

Your Committee has amended this bill to specify that the offense of promoting a harmful drug in the first degree is committed if a person knowingly: possesses one hundred or more capsules or tablets or dosage units containing one or more of the harmful drugs on one or more of the marijuana concentrates, or combination thereof; or distributes twenty-five or more capsules or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrates or any combination thereof.

Your Committee has amended this bill to specify that the offense of promoting a harmful drug in the second degree is committed if a person knowingly: possesses fifty or more capsules or tablets or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrates, or any combination thereof.

Your Committee has amended this bill to specify that the offense of promoting a harmful drug in the third degree is committed if a person knowingly possesses twenty-five or more capsules or tablets or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrates, or any combination thereof.

Your Committee has also amended this bill to specify that the offense of promoting a harmful drug in the fourth degree is committed if a person knowingly possesses any harmful drugs in any amount.

Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity. Your Committee has further amended this bill to correct technical drafting errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1703, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1703, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Hagino, Hiraki and Anderson,
Managers on the part of the House.

Senators Menor, Aki, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 164 on S.B. No. 846

The purpose of this bill is to reiterate the rights of students to express themselves in the public schools.

Under this bill, no expressions or publications by students shall (1) be deemed to be indicative of school policy, or (2) subject any school official to civil or criminal liability.

Your Committee heard testimony in support of this measure from the Department of Education and a private school teacher and finds that the Department's internal policy recognizes the rights of students to personal and academic freedom. Consistent with this policy, this bill expressly recognizes the right of public school students to freedom of expression.

Your Committee has amended this bill by making a technical change which has no substantive effect.

Your Committee wishes to make clear, however, that rights and responsibilities go hand in hand and that students are and should be held to the responsible exercise of their right to freedom of expression. Schools are special institutions in which mutual respect and cooperation are essential to a productive and successful learning environment. The right to free expression does not allow for disruptive activity which adversely affects the learning environment and the opportunity to be educated.

This bill does not change or diminish the discipline or enforcement powers of any state agency, including schools.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 846, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 846, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Bellinger, Oshiro, Yoshimura and Anderson,
Managers on the part of the House.

Senators B. Kobayashi, McCartney and Menor,
Managers on the part of the Senate.

Conf. Com. Rep. 165 on S.B. No. 1825

The purpose of this bill is to increase the amount of disaster relief assistance funding available.

Specifically this bill:

- (1) Increases the amount the governor may spend for immediate disaster relief for a single major disaster from \$750,000 to \$1,000,000;
- (2) Provides that an additional \$1,000,000 will be available for the sole purpose of matching available federal disaster relief funds upon a presidential disaster declaration; and
- (3) Appropriates \$1,500,000 for the fiscal biennium.

Currently, the spending limit imposed by section 127-11, Hawaii Revised Statutes, is insufficient to provide adequate relief in the face of a major disaster. Under this bill the State will be much better able to take full advantage of federal funds made available for disaster relief.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1825, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1825, H.D. 1, C.D. 1.

Representatives Metcalf, Isbell, Baker, Bellinger, Oshiro and Anderson,
Managers on the part of the House.

Senators Blair, Aki and George,
Managers on the part of the Senate.

Conf. Com. Rep. 166 on S.B. No. 70

The purpose of this bill is to increase the rate of compensation paid to attorneys and physicians who volunteer to serve on medical claim conciliation panels from \$100 to \$300 per claim handled.

Under this bill attorneys and physicians will be better compensated for the many hours of their time spent away from their professional practices thereby helping to reduce the financial loss incurred by their serving on the panels. Although

\$300 is far from adequate compensation for their time and service, it is a welcome increase from the \$100 per claim presently allotted. Also, the increase in the rate of compensation provided under this bill should increase the number of physicians and attorneys who might be willing to serve on the medical claims conciliation panels.

Your Committee has amended this bill by making technical nonsubstantive changes for purposes of style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 70, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 70, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Leong, Cachola, Duldulao, Hagino and Anderson,
Managers on the part of the House.

Senators Blair, A. Kobayashi and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 167 on S.B. No. 1799

The purpose of this bill is to amend Chapter 92F, Hawaii Revised Statutes (HRS), the Uniform Information Practices Act (Modified), to ensure its smooth implementation when it takes effect on July 1, 1989.

Your Committee has made the following amendments to the bill:

- (1) Two new sections in the original bill were consolidated and restructured into one new section in Part II of Chapter 92F, HRS, which clarifies that when an agency denies a person access to a government record, the person may appeal the denial to the Office of Information Practices (OIP) as an alternative and optional method of appeal but without prejudice to the person's right to appeal directly to circuit court. Exhaustion of administrative remedies is not required before appealing a denial of access to government records to the court.
- (2) A proposed new section in Part III of Chapter 92F, HRS, will clarify that for an individual who is denied access to that individual's own personal record, appeal to the OIP is also an alternative to appealing to circuit court. The section was amended to make consistent the alternative appeal methods for access denied to individuals as to their own personal records, under Part III of Chapter 92F, HRS, and the alternative appeal methods for access denied as to government records about others, under Part II of Chapter 92F, HRS.
- (3) The bill was amended to remove the proposed statutory provisions of a ninety-day time limitation for the filing of an appeal to the OIP concerning denial of access to a government record. The bill was also amended to set, instead of the previously proposed time limitation of ninety days, a limitation of two years, within which a person can bring a civil action to compel disclosure of a government record after a denial of a request for access. This time limitation, as amended, is consistent with the two-year limitation, established in Part III of Chapter 92F, HRS, and further clarified in the bill, within which an individual can bring a civil action to compel disclosure of that individual's own personal record after a denial of a request for access.
- (4) The House draft of the bill had added a codified time schedule for the progressive completion by all agencies of their respective public records reports required under Chapter 92F, HRS. The bill was amended to remove the time schedule from the statutory provision and to make the time schedule a provision in the session laws. This amendment would eliminate the need to later repeal a codified time schedule at some time after the agencies' full completion of their public records reports. Your Committee retained in the bill the requirement that each government agency supplement or amend its public records report annually.
- (5) The bill was also amended to remove recommendation of criminal prosecution from the functions of the OIP and to make the effective date of the act on July 1, 1989, when the remaining Chapter 92F, HRS, goes into effect. The bill was also amended to make technical and nonsubstantive changes for purposes of clarity, style and form.

The bill retains the provisions clarifying the OIP's rulemaking authority and the OIP's placement within the Department of the Attorney General for administrative purposes only. The OIP's rulemaking authority, as clarified in this bill, would ensure uniformity in the rules which all agencies will follow, without the need for all agencies to hold separate administrative hearings on rules adoption. The bill also clarifies that administrative review by the OIP on an agency denial of access is an informal dispute resolution procedure and is exempt from the contested case requirements of Chapter 91, HRS.

Your Committee wishes to emphasize that while a person has a right to bring a civil action in circuit court to appeal a denial of access to a government record, a government agency dissatisfied with an administrative ruling by the OIP does not have the right to bring an action in circuit court to contest the OIP ruling. The legislative intent for expediency and uniformity in providing access to government records would be frustrated by agencies suing each other.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1799, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1799, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Amaral, Hagino, Hiraki and Anderson,
Managers on the part of the House.

Senators Blair, Aki, McMurdo and George,
Managers on the part of the Senate.

Conf. Com. Rep. 168 on S.B. No. 408

The purpose of this bill is to authorize the issuance of general obligation bonds, and to issue a declaration of finding that the total amount of principal and interest estimated for these bonds, all bonds authorized but not issued, and all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance. This finding is in accord with the requirements established in Article VII, Section 13, of the Constitution of the State of Hawaii.

Your Committee incorporates all of the findings set forth in Conference Committee Report No. 53 on S.B. No. 408, H.D. 1, C.D. 1, into this report. Your Committee has made a technical amendment to this bill by changing two references to fiscal year 1992-93 in the far right column on page 10 to fiscal year 1993-94.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 408, H.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 408, H.D. 1, C.D. 2.

Representatives Souki, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 169 on S.B. No. 1140

The purpose of this bill is to establish a Works of Art Special Fund.

Under this bill, one percent of state appropriations for construction or renovation of state buildings shall be transferred to the Works of Art Special Fund.

Your Committee has amended the bill to make references to "special fund" consistent throughout.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1140, H.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1140, H.D. 2, C.D. 2.

Representatives Taniguchi, Fukunaga, Horita, Lee and Hemmings,
Managers on the part of the House.

Senators Yamasaki, Tungpalan, Fernandes Salling, Hagino and George,
Managers on the part of the Senate.

Conf. Com. Rep. 170 on S.B. No. 832

The purpose of this bill is to improve and encourage public access and participation in the legislative process, particularly through efficient, technological means.

Your Committee finds that an informed and active citizenry is the most dynamic force of democracy. Good government provides people with the greatest opportunities to voice their concerns and participate in the decision-making process.

Of the three branches of government, the Legislature relies most heavily on direct public input. It is imperative that the Legislature makes a concerted effort to provide timely information to encourage public input in the decision-making process.

As the Legislature prepares to temporarily relocate to less centralized quarters while the State Capitol is closed for asbestos abatement, the exigency of this situation is even more apparent. Technology and telecommunications are the means by which improved public access and participation in the legislative process will become a reality.

Upon further consideration, your Committee has amended this bill as follows:

- (1) Requested the committees on legislative management for both houses of the Legislature and any other committees designated by the respective leaderships of the House of Representatives or the Senate to participate in an Interim Legislative Access Project studying and making recommendations on how legislatures in the other forty-nine states provide public access and administer automated systems in the legislative process;
- (2) Appropriated funds to the Legislature for an interim legislative access project to increase public access by 1990;
- (3) Requested the Department of Budget and Finance to initiate and develop pilot projects using videotex and other information technology by soliciting state agencies to propose information services to better serve the people of the State;
- (4) Requested the Department of Budget and Finance to develop a plan to establish state information services that are accessible to the general public;

- (5) Appropriated funds for the State Library System to offer library information and to purchase and operate public terminals, and provide services to enable the public access to public information through the state information network;
- (6) Appropriated funds for the Department of Budget and Finance to carry out the pilot videotex information service projects and to prepare the plan to establish greater public access to state government information;
- (7) Appropriated funds for the High Technology Development Corporation to hold a conference; and
- (8) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 832, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 832, H.D. 1, C.D. 1.

Representatives D. Ige, Fukunaga, Souki, Kotani, Tajiri and Marumoto,
Managers on the part of the House.

Senators Hagino, Yamasaki and George,
Managers on the part of the Senate.

Conf. Com. Rep. 171 on S.B. No. 1385

The purpose of this bill is to clarify and update several statutes relating to the practice of podiatry.

Specifically, the bill (1) replaces the term "podiatry" with the term "podiatric medicine" wherever it appears in Chapter 463E, Hawaii Revised Statutes; (2) refines and clarifies the definition of podiatric medicine; and (3) requires persons practicing podiatric medicine or using the titles "D.P.M." or "Doctor of Podiatric Medicine" to be licensed.

Your Committee has amended this bill by repairing paragraphs (8), (12), (13), and (15) of Section 463E-6(a) which were inadvertently misquoted.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1385, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1385, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Shon, Hayes, Hiraki, Takamine and Cavasso,
Managers on the part of the House.

Senators Blair, A. Kobayashi, Matsuura and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 172 on S.B. No. 1413

The purpose of this bill is to provide the statutory mechanism and funding authorization necessary for the civil rights commission to begin operations to enforce the employment and housing anti-discrimination laws.

Your Committee has amended the bill to provide:

- (1) A sixty-day period within which the commission must investigate complaints and decide whether it will pursue enforcement action;
- (2) Establish that the commission may proceed with an administrative hearing if the Respondent does not comply with the formal demand of the commission within fifteen days; and
- (3) Appropriate \$200,000 in fiscal year 1989-90 and \$200,000 in fiscal year 1990-91 for the purposes of implementing this bill.

Your Committee has also made a number of other amendments for the purposes of clarifying provision, style, and grammar.

During its deliberations on this bill, your Committee was concerned that members of the commission be selected for their knowledge of and experience in implementing and enforcing non-discrimination provisions, and wishes to make it clear that the legislature wishes to have this factor taken into account when appointments are made by the governor.

Further, your Committee is concerned about public access to the commission and its proceedings. To that end, your Committee strongly urges the commission to hold its administrative hearings as close as practicable to the residences of the parties. This will also facilitate the creation of the most complete record possible in administrative cases, since the parties will have easier access to evidence and witnesses when hearings are held close to the parties' residences.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1413, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1413, S.D. 2, H.D. 2, C.D. 1.

Representatives Metcalf, Takamine, Souki, Hagino, Say and Anderson,
Managers on the part of the House.

Senators Menor, Yamasaki, Blair, Solomon and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 173 on S.B. No. 783

The purpose of this bill is to establish a Youth Services Board, to be placed within the legislature for administrative purposes only, as the state agency responsible for the planning and coordination of public and private services for youths in need of such services. As amended by your Committee, this bill:

- (1) Establishes an Office of Youth Services within the Department of Human Services to provide services and programs for youth at risk under one umbrella agency in order to facilitate optimum service delivery, to prevent delinquency, and to reduce the incidence of recidivism among juvenile offenders.
- (2) Sets forth the specific functions and duties of the Office of Youth Services, including: an integrated intake/assessment and case management system; educational, vocational, social counseling, and mental health services; community-based shelter facilities; oversight of youth services; and planning and coordination of public and private youth services.
- (3) Provides for the creation and development of youth service centers which will focus on delinquency prevention and which will maintain a system of intake, assessment, and follow-up services for youth.
- (4) Provides for the creation of an oversight committee which will be responsible for conducting periodic audit evaluations of the youth service system to ascertain its effectiveness and compliance with established responsibilities.
- (5) Provides that for the first two years of its existence, the office of youth services will perform a planning and program development function. The office is required to develop operational and organizational plans that will serve as blueprints for the transfer of specific programs from the Department of Human Services, Department of Health, Department of Corrections, and the family court. The bill requires that the plans be submitted to the legislature for consideration during the 1991 regular session.
- (6) Appropriates \$600,000 for fiscal year 1989-1990, and \$600,000 for fiscal year 1990-1991, to carry out the purposes of the Act.
- (7) Adds a provision stating the dollar amount and percentage by which the state general fund expenditure ceiling has been exceeded.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 783, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 783, S.D. 2, H.D. 2, C.D. 1.

Representatives Metcalf, Arakaki, Fukunaga, Amaral, Duldulao, Hiraki, Oshiro and Anderson,
Managers on the part of the House.

Senators Menor, A. Kobayashi, Blair, Hagino, Levin, McCartney and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 174 on S.B. No. 914

The purpose of this bill is to add quality assurance committees to the protection against discovery provided by Section 624-25.5, Hawaii Revised Statutes.

The reasons for granting some protection from discovery for hospital and clinic quality assurance committees is to allow these committees to conduct meaningful evaluation of health care provided by the institutions. But it is equally important not to grant a blanket prohibition against discovery of necessary information by injured persons.

It is your Committee's understanding that the amendatory language in this bill is the result of discussions among all interested parties. The parties have indicated that the proposed language addresses objections to protection from discovery for incident reports, factual information and determinations, while still granting protection for the activities of these committees.

Your Committee has made a non-substantive change to the bill in the interest of grammatical consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 914, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 914, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Hiraki, Hirono and Anderson,
Managers on the part of the House.

Senators Menor, B. Kobayashi, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 175 on S.B. No. 311

The purpose of this bill is to provide that all financial disclosure statements available for inspection shall be destroyed, sealed, or returned to the person who made the disclosure when that person no longer holds office.

Your Committee has amended this bill to provide that financial disclosure statements filed by candidates shall be destroyed, sealed, or returned three years after the election for which the disclosure was filed. This amendment addresses an inconsistency between the treatment of candidates and other persons required to file disclosures which was contained in the last draft of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 311, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 311, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Oshiro, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, Chang, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 176 on S.B. No. 1197

The purpose of this bill is to prohibit a range of activities involving anabolic steroids, including possession without prescription, possession for sale, improper prescription, sale, or manufacture.

Your Committee finds that illicit steroids are presently being distributed and used in our State and that the problem will escalate if we continue to ignore it. Current estimates show that black market anabolic steroid transactions nationally were valued at one hundred million dollars in 1986 and are presently grossing from four hundred to five hundred million dollars annually. Moreover, steroids have been linked to a host of adverse reactions, including liver damage, heart disease, possible liver and prostate cancer, hepatitis, hypertension, addiction, and aggressive behavior. Your Committee finds that this bill will assist law enforcement agencies in combating this problem, encourage caution on the part of the medical community in their prescription practices, and reduce the likelihood of illegal procurement through nonmedical means.

This bill has been amended to remove language from the definition of "anabolic steroids" which may have made the amendment overly vague, to insert a requirement that steroid prescriptions be issued for a legitimate medical purpose, and to substitute the term "distribute" for the term "sell" in the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1197, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1197, S.D. 2, H.D. 1, C.D. 1.

Representatives Metcalf, Oshiro, Shon, Yoshimura and Anderson,
Managers on the part of the House.

Senators Menor, B. Kobayashi, Levin and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 177 on S.B. No. 1734

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects.

In C.D. 1 of this bill, your Committee changed the source of funding from general funds to general obligation bond funds and general obligation reimbursable bond funds and appropriated an additional \$12,501,000 in general obligation bond funds and general obligation reimbursable bond funds for capital improvement projects.

This bill as received, appropriates the sum of \$25,249,000 in general obligation bond funds and general obligation reimbursable bond funds for capital improvement projects.

After close scrutiny your Committee believes that the projects contained herein reflect the legislature's continued commitment to projects which reflect the needs and desires of the people of the State of Hawaii.

Your Committee has corrected differences on Page 118 between the House and Senate version of the C.D. 1. Also, the means of financing were adjusted for certain projects and several sections were appropriately renumbered.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1734, S.D. 1, H.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1734, S.D. 1, H.D. 1, C.D. 2.

Representatives Souki, Baker, Chang, Duldulao, Fukunaga, Horita, M. Ige, Ihara, Isbell, Kanoho, Kawakami, Kotani, Leong, Say, Tajiri, Liu and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Fernandes Salling, Hagino, Ikeda, A. Kobayashi, Matsuura, McCartney, McMurdo, Mizuguchi, Solomon, Tungpalan, George and Koki,
Managers on the part of the Senate.

Conf. Com. Rep. 178 on S.B. No. 832

The purpose of this bill is to improve and encourage public access and participation in the legislative process, particularly through efficient, technological means.

Your Committee finds that an informed and active citizenry is the most dynamic force of democracy. Good government provides people with the greatest opportunities to voice their concerns and participate in the decision-making process.

Of the three branches of government, the Legislature relies most heavily on direct public input. It is imperative that the Legislature makes a concerted effort to provide timely information to encourage public input in the decision-making process.

As the Legislature prepares to temporarily relocate to less centralized quarters while the State Capitol is closed for asbestos abatement, the exigency of this situation is even more apparent. Technology and telecommunications are the means by which improved public access and participation in the legislative process will become a reality.

Upon further consideration, your Committee has amended this bill as follows:

- (1) Requested the committees on legislative management for both houses of the Legislature and any other committees designated by the respective leaderships of the House of Representatives or the Senate to participate in an Interim Legislative Access Project studying and making recommendations on how legislatures in the other forty-nine states provide public access and administer automated systems in the legislative process;
- (2) Appropriated funds to the Legislature for an interim legislative access project to increase public access by 1990;
- (3) Requested the Department of Budget and Finance to initiate and develop pilot projects using videotex and other information technology by soliciting state agencies to propose information services to better serve the people of the State;
- (4) Requested the Department of Budget and Finance to develop a plan to establish state information services that are accessible to the general public;
- (5) Appropriated funds for the State Library System to offer library information and to purchase and operate public terminals, and provide services to enable the public access to public information through the state information network;
- (6) Appropriated funds for the Department of Budget and Finance to carry out the pilot videotex information service projects and to prepare the plan to establish greater public access to state government information;
- (7) Appropriated funds for the High Technology Development Corporation to hold a conference; and
- (8) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 832, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 832, H.D. 1, C.D. 1.

Representatives D. Ige, Fukunaga, Souki, Ihara, Kotani, Tajiri and Marumoto,
Managers on the part of the House.

Senators Hagino, Yamasaki and George,
Managers on the part of the Senate.

SPECIAL COMMITTEE REPORT

Spec. Com. Rep. 1

Your Committee on Credentials begs leave to report that it has thoroughly considered the matter of the seating of the members of the House of Representatives of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989, and finds that the following members-elect are duly qualified to sit as members of the House of Representatives, to wit:

FIRST DISTRICT:	Jerry L. Chang
SECOND DISTRICT:	Harvey S. Tajiri
THIRD DISTRICT:	Wayne C. Metcalf
FOURTH DISTRICT:	Dwight Y. Takamine
FIFTH DISTRICT:	Virginia Isbell
SIXTH DISTRICT:	Mike O'Kieffe
SEVENTH DISTRICT:	Mark J. Andrews
EIGHTH DISTRICT:	Herbert J. Honda
NINTH DISTRICT:	Joseph M. Souki
TENTH DISTRICT:	Rosalyn Baker
ELEVENTH DISTRICT:	Daniel J. Kihano
TWELFTH DISTRICT:	Samuel S.H. Lee
THIRTEENTH DISTRICT:	Robert Bunda
FOURTEENTH DISTRICT:	Joseph P. Leong
FIFTEENTH DISTRICT:	Reb Bellinger
SIXTEENTH DISTRICT:	Terrance W.H. Tom
SEVENTEENTH DISTRICT:	Marshall K. Ige
EIGHTEENTH DISTRICT:	Whitney T. Anderson
NINETEENTH DISTRICT:	Ed Bybee
TWENTIETH DISTRICT:	Cam Cavasso
TWENTY-FIRST DISTRICT:	David Stegmaier
TWENTY-SECOND DISTRICT:	Fred K. Hirayama, Jr.
TWENTY-THIRD DISTRICT:	Barbara Marumoto
TWENTY-FOURTH DISTRICT:	Fred Hemmings, Jr.
TWENTY-FIFTH DISTRICT:	Calvin K.Y. Say
TWENTY-SIXTH DISTRICT:	Les Ihara, Jr.
TWENTY-SEVENTH DISTRICT:	Brian T. Taniguchi
TWENTY-EIGHTH DISTRICT:	James T. Shon
TWENTY-NINTH DISTRICT:	David M. Hagino
THIRTIETH DISTRICT:	Joan Hayes
THIRTY-FIRST DISTRICT:	Carol Fukunaga
THIRTY-SECOND DISTRICT:	Mazie K. Hirono
THIRTY-THIRD DISTRICT:	Rod Tam
THIRTY-FOURTH DISTRICT:	Michael Liu

THIRTY-FIFTH DISTRICT:	Kenanth T. Hiraki
THIRTY-SIXTH DISTRICT:	Dwight L. Yoshimura
THIRTY-SEVENTH DISTRICT:	Dennis A. Arakaki
THIRTY-EIGHTH DISTRICT:	Emilio S. Alcon
THIRTY-NINTH DISTRICT:	Romy M. Cachola
FORTIETH DISTRICT:	Karen K. Horita
FORTY-FIRST DISTRICT:	Tom Okamura
FORTY-SECOND DISTRICT:	Clarice Y. Hashimoto
FORTY-THIRD DISTRICT:	David Y. Ige
FORTY-FOURTH DISTRICT:	Roland M. Kotani
FORTY-FIFTH DISTRICT:	Julie R. Duldulao
FORTY-SIXTH DISTRICT:	Paul T. Oshiro
FORTY-SEVENTH DISTRICT:	Annelle C. Amaral
FORTY-EIGHTH DISTRICT:	Henry Haalilio Peters
FORTY-NINTH DISTRICT:	Peter K. Apo
FIFTIETH DISTRICT:	Ezra R. Kanoho
FIFTY-FIRST DISTRICT:	Bertha C. Kawakami

Signed by Representatives Metcalf, Hagino, Andrews, Hayes, Hiraki, Hirono, M. Ige, Stegmaier and Hemmings.