

SCRep. 823-90 Ocean and Marine Resources and Intergovernmental Relations and International Affairs on H.C.R. No. 10

The purpose of this concurrent resolution is to urge the President and Congress to extend the territorial limits of the United States and coastal states from three to twelve miles offshore.

Your Committees heard testimony from the Office of State Planning in support of the intent of this concurrent resolution. Testimony revealed that Congressional action is needed to address the effects of the extension on domestic law.

In addition, while Presidential Proclamation 5928 extends the sovereignty and jurisdiction of the United States over its surrounding ocean, it is unclear how it affects the numerous references to the territorial sea in Federal law. Furthermore, the allocation of State and Federal jurisdictions in the new territory is subject to various interpretations.

Therefore, your Committees have amended this concurrent resolution to urge Congress to act to clarify these ambiguities and to do so on the basis of extending the territorial limits of coastal states to twelve miles offshore.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.C.R. No. 10, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 10, H.D. 1.

Signed by all members of the Committees.

SCRep. 824-90 Ocean and Marine Resources and Intergovernmental Relations and International Affairs on H.R. No. 20

The purpose of this resolution is to urge the United States Congress, Pacific state legislatures, and the legislature of the Province of British Columbia to support the establishment of a compact of Pacific states and the Canadian province of British Columbia to provide for future planning and protection of ocean resources which are of regional concern, develop a coastwide oil spill response plan, and to oversee the management and utilization of ocean resources so as to insure their continued contribution to the economics of Pacific states and the Province of British Columbia.

The Department of Land and Natural Resources (DLNR) and the Office of State Planning (OSP) presented testimony in support of this resolution.

Testimony indicated that a "Proclamation on the High Seas Driftnet Fisheries in the North Pacific Ocean" dated October 1989 was directed to ensure the long-term protection of North American fisheries and living marine resources of the North Pacific Ocean. It also urges Canada and the U.S. to take immediate steps to form the multinational research organization PICES (Pacific International Council for Exploration of the Seas).

Further testimony revealed that the Province of British Columbia has already undertaken efforts to cooperate with Pacific states regarding oil spill responses and that further sharing of information and management practices on a regional basis will foster a unified approach to coastal and ocean management for the Pacific states.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.R. No. 20 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 825-90 Ocean and Marine Resources and Intergovernmental Relations and International Affairs on H.C.R. No. 9

The purpose of this concurrent resolution is to urge the United States Congress, Pacific state legislatures, and the legislature of the Province of British Columbia to support the establishment of a compact of Pacific states and the Canadian province of British Columbia to provide for future planning and protection of ocean resources which are of regional concern, develop a coastwide oil spill response plan, and to oversee the management and utilization of ocean resources so as to insure their continued contribution to the economics of Pacific states and the Province of British Columbia.

The Department of Land and Natural Resources (DLNR) and the Office of State Planning (OSP) presented testimony in support of this concurrent resolution.

Testimony indicated that a "Proclamation on the High Seas Driftnet Fisheries in the North Pacific Ocean" dated October 1989 was directed to ensure the long-term protection of North American fisheries and living marine resources of the North Pacific Ocean. It also urges Canada and the U.S. to take immediate steps to form the multinational research organization PICES (Pacific International Council for Exploration of the Seas).

Further testimony revealed that the Province of British Columbia has already undertaken efforts to cooperate with Pacific states regarding oil spill responses and that further sharing of information and management practices on a regional basis will foster a unified approach to coastal and ocean management for the Pacific states.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.C.R. No. 9 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 826-90 Ocean and Marine Resources and Intergovernmental Relations and International Affairs on H.R. No. 19

The purpose of this resolution is to urge the United States Department of State to give higher priority in international negotiations to the elimination of high seas drift gill nets, and to increase international cooperation and research to foster a greater understanding of the ocean.

The Department of Land and Natural Resources (DLNR) and the Office of State Planning (OSP) support any and all efforts by the Department of State and Congress to secure a ban on the use of drift gill nets.

Testimony revealed that in February 1990, the U.S. House of Representatives passed a bill which would prohibit the use of large-scale driftnets (more than 1.5 miles long) in the U.S. Exclusive Economic Zone and by U.S. fishermen on the high seas. The bill also directs the U.S. State Department to work toward an international ban on high seas drift gill net fishery.

Your Committees have adopted the recommendation by DLNR and amended this resolution by the addition of a "whereas" clause indicating a proclamation signed by Canada and the U.S. to ensure the long-term protection of North American fisheries and living marine resources of the North Pacific Ocean.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.R. No. 19, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 19, H.D. 1.

Signed by all members of the Committees.

SCRep. 827-90 Ocean and Marine Resources and Intergovernmental Relations and International Affairs on H.C.R. No. 8

The purpose of this concurrent resolution is to urge the United States Department of State to give higher priority in international negotiations to the elimination of high seas drift gill nets, and to increase international cooperation and research to foster a greater understanding of the ocean.

The Department of Land and Natural Resources (DLNR) and the Office of State Planning (OSP) support any and all efforts by the Department of State and Congress to secure a ban on the use of drift gill nets.

Testimony revealed that in February 1990, the U.S. House of Representatives passed a bill which would prohibit the use of large-scale driftnets (more than 1.5 miles long) in the U.S. Exclusive Economic Zone and by U.S. fishermen on the high seas. The bill also directs the U.S. State Department to work toward an international ban on high seas drift gill net fishery.

Your Committees have adopted the recommendation by DLNR and amended this concurrent resolution by the addition of a "whereas" clause indicating a proclamation signed by Canada and the U.S. to ensure the long-term protection of North American fisheries and living marine resources of the North Pacific Ocean.

Your Committees on Ocean and Marine Resources and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.C.R. No. 8, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 8, H.D. 1.

Signed by all members of the Committees.

SCRep. 828-90 Labor and Public Employment on S.B. No. 2728

The purpose of this bill is to authorize public employers to furnish information relating to the administration of payroll deductions to exclusive representatives of employee bargaining units and to others receiving employees' payroll deductions.

Your Committee received favorable testimony from the Department of Accounting and General Services, the Department of Personnel Services, the City and County of Honolulu, the Hawaii State Teachers Association, and the Hawaii Government Employees Association.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2728, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 829-90 Labor and Public Employment on S.B. No. 3240

The purpose of this bill is to allow part-time state and county employees who work at least fifteen hours per week to be covered under the State's collective bargaining law.

Your Committee finds that the provisions in Section 89-6, Hawaii Revised Statutes, which excludes part-time employees who work fewer than 20 hours per week from being included in an appropriate bargaining unit, has its origin in a rule that the National Labor Relations Board (NLRB) utilized in arriving at bargaining unit determinations under the National Labor Relations Act in the private sector.

Since 1969, however, the NLRB began modifying this rule, so that part-timers who work fewer than 20 hours per week were included in the bargaining unit. In cases before the NLRB, employees who work an average of four hours per week were deemed to have a sufficient community of interest to be included in a bargaining unit.

Your Committee finds that the practice of hiring employees who work fewer than 20 hours per week is a common practice that exists throughout the State and its political subdivisions. In many instances, part-time employees who perform the same duties as full-time employees receive substandard wages and benefits because they work fewer than 20 hours per week and are therefore excluded from the collective bargaining unit.

Your Committee believes that this measure will substantially address existing inequities for part-time employees, by allowing them to be included in appropriate bargaining units, and enable them to enjoy the rights and privileges provided under Chapter 89, Hawaii Revised Statutes.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3240 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 830-90 Labor and Public Employment on S.B. No. 3165

The purpose of this bill is to fund repricing actions for civil service motor carrier safety officer, highway special services supervisor, highway lighting worker, and highway lighting supervisor classes in the state executive branch.

During most recent reviews, a substantial number of heavily populated classes were repriced. It is anticipated, therefore, that most departments would be unable to fund the increased payroll costs from existing appropriations without deferring vacant positions or transferring funds from other authorized purposes.

This bill seeks to fund the added cost of the repricing action. These funds are essential to avoid fiscal repercussions in the employing departments.

Your Committee received favorable testimony from the Department of Personnel Services, the United Public Workers, and the Hawaii Government Employees Association.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3165, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 831-90 Labor and Public Employment on S.B. No. 3166

The purpose of this bill is to clarify that the computation of the State Employees' Retirement System contributions and benefits shall be based on the employee's compensation before deductions for cafeteria plan benefits provided by Part II of Chapter 78, Hawaii Revised Statutes.

Act 63, Session Laws of Hawaii 1989, authorized the establishment of a cafeteria plan, which is a wage and salary reduction benefit program. Act 63, however, did not specify whether the Employee's Retirement System was to compute contributions and benefits based on the employee's unadjusted or adjusted gross wages. This bill clarifies that the Employees' Retirement System computations will be based on the employee's unadjusted gross wages so that the employee's current contributions and benefits would not be affected.

Your Committee received testimony supporting this measure from the Department of Personnel Services, the Department of Civil Service of the City and County of Honolulu, and the Hawaii State Teachers Association. However, the Department of Civil Service was concerned that the bill, as received, could be interpreted to mean that only the plan participants who are state employees would be protected.

To address this concern, your Committee has amended this measure to guarantee coverage for county employees. The bill now specifies that notwithstanding an employee's participation in the cafeteria plan, established under section 125 of the Internal Revenue Code of 1986, as amended, contributions and benefits would be computed based on unadjusted gross wages.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3166, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3166, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 832-90 Labor and Public Employment on S.B. No. 3334

The purpose of this bill is to provide a tax credit against an employer's tax liability for hiring persons with disabilities who encounter significant barriers to employment.

Each taxpayer subject to Chapter 235, Hawaii Revised Statutes, is allowed to deduct a targeted jobs credit against the taxpayer's net income tax liability. A tax credit exceeding the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

The credit for a taxable year will be equal to 40 percent of the first year wages paid to all newly hired vocational rehabilitation referrals for that year. The amount of the first-year wages that may be taken into account for each qualified individual shall not exceed \$6,000 per year.

The Department of Taxation was concerned that this measure, as received, would provide a double benefit to the wages paid to the targeted employees as a deduction as well as the credit.

Your Committee has amended this bill by deleting the substance and inserting the provisions of H.B. No. 3386, H.D. 1, which addresses the Department of Taxation's concern and specifies that a double benefit will not be allowed.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3334, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3334, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 833-90 Agriculture on S.B. No. 3013

The purpose of this bill is twofold:

- (1) Clarify the loan authorization restriction and eligibility requirements for the agricultural loans program; and
- (2) Allow the Department of Agriculture (DOA) to charge interest rates on agricultural loans on a more consistent basis with similar type State programs.

This bill would:

- (1) Simplify the statutory language so that it would be clear that applicants for loans under the agricultural loan program must first attempt to secure loans from four entities (namely, the Farmers Home Administration, the farm credit system banks, and two private lenders) and be disqualified or rejected by all four entities before they could apply and receive loans from the agricultural loan program upon meeting specified requirements. This bill would also provide the Board of Agriculture with authority to waive these restrictions in granting emergency loans;
- (2) Delete the "qualified farmers" requirement from the provision that specifies that seventy-five per cent of the members or stockholders of partnerships and corporation must be residents of the State who are also "qualified farmers" in order for the partnerships and corporations to be eligible for the agricultural loans;
- (3) Set the interest rates for class A, B, C, and E loans at a rate one per cent below the prime rate or seven and one-half per cent a year, whichever is less. The prime rate to be used would be determined on January 1 and July 1 of each year, using the prime rate charged by the two largest bank in the State. When the prime rate charged differs, the lesser of the prime rate would be used; and
- (4) Provide that if the money loaned is borrowed by the DOA, the interest rate on loans for class A, B, C, E, and F would be determined as set out above or at one per cent over the cost to the State for borrowing the money, whichever is greater.

Your Committee finds that this bill would improve the administrative and program service aspects of the agricultural loans program.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3013, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 834-90 Agriculture on S.B. No. 2252

The purpose of this bill is to:

- (1) Increase the upper limits on class "A" loans (farm ownership and improvement loans) and class "C" loans (farm operating loans) from \$100,000 to \$200,000; and
- (2) Set the security requirement for the class "A" loan so that no loan shall exceed eighty per cent of the value of the securities offered. Currently, the security requirement is eighty-five per cent.

Testimony from the Department of Agriculture, the Hawaii Farm Bureau Federation (HFBF), the Waimanalo Dairy, Inc., and the Toledo-Twin Pine Dairy, Inc. indicated support for this bill. However, the HFBF, the Waimanalo Dairy,

and Toledo-Twin Pine Dairy felt that the loan limits should be increased. Both of the dairy companies recommended the limit be set at \$500,000, because a \$200,000 loan in a capital intensive industry, such as the dairy industry, will not provide the capital that is necessary to expand, improve, sustain, and maintain the company.

Upon further consideration, your Committee has increased the loan ceilings for class "A" and "C" loans to \$400,000.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2252, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2252, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 835-90 Agriculture on S.B. No. 2254

The purpose of this bill is to enable the Legislature to provide funding for certain agricultural promotion and research activities conducted through the Governor's Agriculture Coordinating Committee (GACC) and the Department of Agriculture.

This bill would:

- (1) Establish a new chapter to the Hawaii Revised Statutes (HRS) to:
 - (a) Provide specific standards which would allow for grants, subsidies, and purchases of service agreements for agricultural research and promotion purposes; and
 - (b) Delineate the funding power of the Legislature for the above purposes; and
- (2) Amend Section 42-1, HRS, to exclude agricultural research and promotion from the definitions of "grant," "purchase of service," and "subsidy."

Testimony from the GACC and the Hawaii Sugar Planters' Association (HSPA) indicated that this bill was proposed because the Legislative Auditor stated that clarification was needed on the legality of research grants made to the HSPA through the GACC under Chapter 42, HRS. Both the GACC and the HSPA, however, contended that this bill was not necessary based on the conclusion of the Attorney General's office that:

- (1) The GACC has followed the requirements of Chapter 42 in its present contract with the HSPA;
- (2) The GACC's contracts with government agencies, such as the University of Hawaii, does not have to follow Chapter 42; and
- (3) The GACC already uses language and standards in its contracts which are similar to those proposed in this bill for disbursement of funds.

Your Committee believes that this matter deserves further consideration by the Committee on Finance, specifically in full review of the Attorney General's opinion which was not available to the Committee at the time of decision making.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2254, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 836-90 Agriculture on S.B. No. 2505

The purpose of this bill is to include certain material essential to the production of agricultural products to the list of sales described as wholesale under the general excise tax laws.

Under current law, sales to a licensed producer or to a cooperative association of materials or commodities, including material essential to the growth, nurturing, and production of agricultural products, are considered sales at wholesale and subjected to the general excise tax at the favorable rate of one half of one per cent rather than at the retail sale rate of four per cent.

This bill would:

- (1) Add polypropylene shade cloth, polyfilm, polyethylene film or fiberglass panels for greenhouse use (excluding fiberglass panels for skylighting purposes) to the list of materials or commodities already treated as sales at wholesale (i.e., cartons and containers, wrappers, sacks, and binders used for packing agricultural products; and seeds, and seedlings and cuttings for producing nursery plants); and
- (2) Add the phrase: "of the feed lot operator's service to a licensed producer of poultry or animals" on page 3, lines 8 and 9. With this housekeeping amendment, the one half of one per cent rate would be applicable to only the segregated cost of feed when the feed is furnished as part of the feedlot operator's service.

The Department of Taxation and the Hawaii Farm Bureau Federation recommended deleting fiberglass panels for greenhouse use from the list of items treated as sales at wholesale, because the panels may be put to many other uses. In

addition, it would be difficult to ensure compliance of this provision. Upon further consideration, your Committee has amended this bill by deleting the phrase, "or fiberglass panels for greenhouse use (excluding fiberglass panels for skylighting purpose)" from line 8-10, page 4 of this bill.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2505, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2505, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 837-90 Agriculture on S.B. No. 2186

The purpose of this bill is to strengthen and improve the Department of Agriculture's (DOA) operational provisions for a pest control or eradication program on private land.

This bill would:

- (1) Modify the DOA's emergency power for rule making during situations when quick pest eradication action is necessary. This bill would delete the "no notice" provision during emergency situations, because the DOA can meet the forty-eight hours notice and hearing requirement (in practice, the DOA needs at least forty-eight hours to determine the extent of a reported pest infestation before determining whether an emergency exists);
- (2) Clarify the liability for damage as those damages caused by acts beyond the scope of the DOA's personnel or authorized agent's authority or acts of negligence, gross negligence, or intentional misconduct when upon any private property to maintain a pest control or eradication program;
- (3) Change the present procedure when landowners refuse entry from one of enjoining and restraining the landowner to that of relief through warrant issued by the district court. The warrant would direct a police officer of the circuit in which the property is located to assist the DOA to enter the property for pest control or eradication work; and
- (4) Add a new penalty provision to: (a) Make the landowner or land occupier who fails to cooperate with the DOA in its pest eradication program to pay for the cost of the eradication program on the landowner's property; and (b) Impose a fine on any person who violates Chapter 141 or any rule adopted by the DOA.

To make the language in Section 141-7 (b), Hawaii Revised Statutes, consistent with that of Sections 141-3, 141-3.5, and 141-3.6, your Committee has amended this bill by adding the words "control or" and changing the word "program" to "programs" on lines 6-8, page 3 so that the statement would read:

"When any landowner or land occupier fails to cooperate with the department in its pest control or eradication programs, the department may proceed with its programs...."

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2186, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2186, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 838-90 Higher Education and the Arts on S.B. No. 2119

The purpose of this bill is to require unaccredited, degree-granting institutions to register with the Department of Commerce and Consumer Affairs, and, on request, provide copies of information and materials distributed to prospective students and disclose information on enrollment, courses, fees, and matriculation rates.

The Department of Commerce and Consumer Affairs testified in support of S.B. No. 2119, S.D. 1. Testimony was also received by the director of planning and policy of the University of Hawaii in support of the intent of the bill. She pointed out two items your Committee would like to raise for consideration.

First, the State Higher Education Executive Officers (SHEEO) are undertaking an 18-month study of state licensing practices for degree-granting institutions. This national study intends to examine the effectiveness of current licensing practices, make recommendations, and consider what criteria might be built into federal student aid eligibility to protect consumers and taxpayers.

Second, the State of California has recently reviewed and recommended changes to its licensing practices for degree-granting institutions. The review found that if licensing is not done well, it may be better not to do it at all. A minimal approach to licensing, along with multiple levels of "authorization" or "approval" can put a state in the position of appearing to place a stamp of approval on institutions that are granting degrees of highly doubtful validity.

The University of Hawaii also testified that it may be appropriate for the Legislature to request a thorough study of this matter by the Legislative Reference Bureau prior to any action. Although your Committee is inclined to follow this recommendation for a study, because we feel this is a very important and pressing issue we recommend passing S.B. No. 2119, S.D. 1, to your Committee on Consumer Protection and Commerce for further review.

The Department of Commerce and Consumer Affairs was unaware of the licensing review and changes in the State of California mentioned in the testimony of the University of Hawaii. Hopefully, the time prior to the public hearing of this bill in your Committee on Consumer Protection and Commerce will allow the Department of Commerce and Consumer Affairs to review those revisions and their impact.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2119, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 839-90 Higher Education and the Arts on S.B. No. 3141

The purpose of this bill is to raise the amount of indirect overhead funds deposited into the University of Hawaii (University) research and training revolving fund from fifty to seventy-five percent. These funds are generated by the University for research and training purposes.

Research and scholarly activities at the University have contributed significantly to the economic growth of the State. An increase in the allocation will allow the University to invest in new research areas that have the potential of developing into major research programs, as well as allow the University to fund on-going research programs.

Your Committee received testimony in favor of the bill from the University of Hawaii's Vice President for Research and Graduate Education, but feels that a few points of concern need to be addressed through amendments to the bill.

First, your Committee feels that the increase in the fund should be set at sixty percent instead of seventy-five percent. The bill is amended accordingly.

Secondly, your Committee has amended the bill by drafting language that will allow the University broader use of the fund. Current wording allows the University to use funds as seed-money for start up research projects. Your Committee, however, feels that an increase in the fund should be sufficient to allow the University to also fund infrastructure costs, as well as some of its on-going research projects.

Thirdly, it is felt that an increase in research will undoubtedly cause an increase in the hazardous waste production. Therefore, your Committee feels it is important that this concern be addressed in the bill by allowing the University to use some of the revolving funds to offset any increase cost in disposing of hazardous waste.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 3141, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3141, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 840-90 Higher Education and the Arts on S.B. No. 3140

The purpose of this bill is to establish a revolving fund for the Conference Center Program in the College of Continuing Education and Community Service of the University of Hawaii at Manoa.

Your Committee received testimony in support of this bill from the Vice President for Academic Affairs at the University.

According to the Vice President's testimony, this bill will enable the College and University to effectively provide the support services required by sponsors in the conduct of their seminars, conferences and institutes. Currently, the situation is such that University and State agencies must make arrangements with hotels and printing vendors prior to requesting the Conference Center's services. However, if the committed expenditures do not comply with Sections 103-22 and/or 103-42, Hawaii Revised Statutes, the Conference Center cannot comply with the agency commitments. The revolving fund will alleviate this problem.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 3140, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 841-90 Higher Education and the Arts on S.B. No. 2648

The purpose of this bill is to expand the existing tuition waiver program at the University of Hawaii to support the recruitment and retention of financially needy students and underrepresented minority students. In addition, tuition waivers will be extended to students who are active in extracurricular activities.

Your Committee heard testimony in favor of the bill from the University of Hawaii's Director of Planning and Policy. According to the Director, many campuses utilize all but a few of their current quota of tuition waivers, and in many programs, such as Operation Kua'ana, the requests for waivers far exceed the number available for students.

The increase in the percentage of available tuition waivers will also allow more students the opportunity to remain in school and still participate in many valuable extracurricular activities.

Your Committee has amended the bill by increasing the tuition waiver allotment for the Manoa and Hilo campuses to twenty percent of the total full-time enrollment of the previous fall semester. Your Committee finds the need for waivers on those two campuses is greater than for the West Oahu campus and the community colleges. Your Committee believes that an increase in waivers for West Oahu and the community colleges to seventeen percent will be sufficient for the time being.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2648, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2648, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 842-90 Education on S.B. No. 3327

The purpose of this bill is to appropriate \$25,000 for fiscal year 1990-1991 to be expended by the Department of Education to begin implementing the school inspection program required by section 296-39, Hawaii Revised Statutes, as enacted by Act 369, Session Laws of Hawaii 1989.

The Department of Education, the Department of Accounting and General Services, and the Hawaii State Teachers Association testified in favor of this measure.

Your Committee finds that these moneys are needed to allow the inspection team to conduct inspections at the schools in the public school system. The Department of Education will report to the 1991 Legislature on the findings of the team and will recommend any changes which may be necessary to improve the physical condition of public school facilities.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3327 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 843-90 Education on S.B. No. 2259

The purpose of this bill is to give each school complete discretion in its use of school priority funds and appropriate additional funds for the school priority fund for fiscal year 1990-1991.

The Department of Education and the Hawaii State Teachers Association testified in favor of this bill.

Your Committee finds that school priority funds are a direct and immediate way to give individual schools more fiscal autonomy. In order to move forward toward the restructuring of our public education system we have amended this bill to increase the per student allocation to \$75 per student per year. This will more than double the discretionary funding at the local school level. This bill has also been amended to clarify our intent that discretion to the schools is granted only over the money and not the instructional resource augmentation positions which are also a part of the school priority fund program.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2259, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2259, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 844-90 Education on S.B. No. 2641

The purpose of this bill is to establish a "Parents as First Teachers" program to provide information and materials to parents of young children. The bill appropriates \$150,000 for the program.

The Department of Education, the Department of Health, the Office of Children and Youth, the Hawaii State Teachers Association, the Hawaii Congress of Parents, Teachers and Students Association, and the Hawaii Family Stress Center testified in favor of this measure.

Your Committee finds that research has shown that the educational base for life-long learning occurs during the first few years of a child's life. We believe that efforts should be made to help involve parents in the education of children who are at risk of falling behind their peers in school.

This bill has been amended to specify that this program is a pilot program. We expect that although the funds for this program will be expended by the Department of Health, the Department of Education will be consulted in regard to its implementation.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2641, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2641, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 845-90**Tourism on S.B. No. 2972**

The purpose of this bill is to establish an Office of Tourism within the Department of Business and Economic Development, headed by an additional deputy director. The responsibilities of the Office include tourism industry promotion and development, and other duties related to the visitor industry. The bill also establishes an eleven-member tourism commission to approve the state tourism marketing plan, other promotion activities and the office's budget requests.

The tourism office would also contract with the Hawaii Visitors Bureau, establish the visitor industry impact management system, plan for the development of the state tourism industry, and make an annual report to the Legislature.

The bill also appropriates \$200,000 for the establishment and operation of the office of tourism and the tourism commission.

Your Committee received testimony recommending changes from the Department of Business and Economic Development, Outrigger Hotels, and the Hawaii Hotel Association.

Your Committee amended the bill to reflect the Legislature's intent to increase the priority level of tourism in the state government. Your Committee also amended the bill to establish a division of tourism within the Department of Business and Economic Development rather than an Office of Tourism, and rename the department as the Department of Business, Economic Development and Tourism. Your Committee changed the appropriation to \$111,000 for the new deputy director and secretary to the deputy positions. All other personnel will be transferred from the current tourism branch. Your Committee also changed the effective date to July 1, 1990.

Your Committee also made non-substantive changes for the purposes of style and clarity.

Your Committee on Tourism is in accord with the intent and purpose of S.B. No. 2972, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2972, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 846-90**Tourism and Intergovernmental Relations and International Affairs on S.B. No. 2919 (Majority)**

The purpose of this bill is to share revenues from the transient accommodations tax with the counties.

The bill amends the transient accommodations tax law in the Hawaii Revised Statutes by excluding such taxes from the definition of "gross rental" or "gross rental proceeds," raising the rate from five to five and one-quarter percent, and requiring an unspecified percentage to be retained by the state and an unspecified percentage to be distributed to the counties.

The bill also adds a new section to chapter 37 that requires the Director of Finance to hold an unspecified percentage of transient accommodations tax revenues in a special account in the treasury. Each year, the Legislature may appropriate up to one hundred percent of the funds in the account among the counties. Any moneys not appropriated would remain in the account for appropriation in subsequent years.

The bill also appropriates \$75,000 to the Department of Budget and Finance to carry out the provisions of the bill and requires the Director of Finance, in consultation with the Director of Taxation, to submit a report to the 1991 Legislature.

Your Committees find that 60 percent of the revenues collected should be distributed to the counties without annual legislative action, but that responsibility for administration and collection should be maintained by the state, in order to ensure uniformity of rates and fulfillment of the original purposes of the transient accommodations tax, tourism promotion and the convention center, to be funded by the remaining 40 percent of the subject revenues.

Your Committees amended section 1 of the bill to reflect the Legislature's intent to distribute a portion of transient accommodations tax revenues while keeping the collection responsibility with the state. Your Committees deleted sections 4, 5, 6, 7 and 8 of the bill and added new sections that provide for:

1. deposit of transient accommodations tax revenues into a special trust fund;
2. the retention by the state of 40 percent of the revenues for the purpose of tourism promotion; and
3. distribution of the remainder among the counties according to an unspecified formula.

Your Committees intend that the funds retained by the state for tourism promotion shall not be the exclusive source of funding for state tourism promotion programs. It is also the intent of your Committees that the balance of the revenues in the fund shall be equitably distributed to the counties closely in proportion to the tax revenues generated in each respective county.

Your Committees also made non-substantial changes for the purpose of style and clarity.

Your Committees on Tourism and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 2919, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2919, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.
(Representative Taniguchi did not concur.)

SCRep. 847-90 Ocean and Marine Resources on S.B. No. 3225 (Majority)

The purpose of this bill is to amend three sections of the Hawaii Revised Statutes (HRS). Section 267-3, HRS, is amended by adding three new definitions, Commercial high speed boating, open ocean racing boat, and water sledding. Section 267-4, HRS, is also amended to have these activities done in designated areas and for the department to comply and implement the official recommendations of the National Marine Fisheries Service in regards to the protection of protected marine life and habitats. Lastly, Section 267-16 is amended to ban thrill craft, water sledding or commercial high speed boating during weekends and state holidays.

Your Committee received testimony from the Department of Transportation (DOT), the West Maui Taxpayers Association and The Ocean Recreation Council of Hawaii (TORCH) in support of the intent of the bill.

Testimony indicated that managing the nearshore activities in the state would reduce ocean user conflicts. However, there are questions as to whether a weekend and holiday ban of thrillcraft, water sledding or commercial speed boating is appropriate in all areas of the state.

However, further testimony stressed the greater need to include a seasonal ban for Maui waters from the beginning to the end of the Maui Humpback whale season which is December 15 to May 15 in an attempt to preserve these unique and precious resources.

Your Committee is mindful of the urgent need to protect these endangered species and upon further consideration, has replaced the language of this bill with new language which would take more steps to protect our whale population and to prohibit operations on all weekends, and state and federal holidays.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 3225, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3225, S.D. 1, H. D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 848-90 Ocean and Marine Resources and Water and Land Use on S.B. No. 3306

The purpose of this bill is to resolve competing uses within Kaneohe Bay by placing the bay under the sole jurisdiction of the Department of Land and Natural Resources. This bill requires the Department of Land and Natural Resources to adopt interim rules to preserve the bay and resolve competition between the general public, marine research programs, and commercial ocean recreation activities. It also requires the Department of Land and Natural Resources to develop a comprehensive master plan for the bay to assess the environmental and ecological impacts of all activities and regulate the activities according to the plan. The bill also creates a Kaneohe Bay Advisory Committee to develop recommendations for the Kaneohe Bay Master Plan and appropriates \$50,000 for fiscal year 1990-91 to carry out the purpose of this bill.

Your Committees received favorable testimony from the Hawaii Institute of Marine Biology, the University of Hawaii Sea Grant Extension Service, the University of Hawaii Environmental Center, The Ocean Recreational Council of Hawaii (TORCH), the Sierra Club-Hawaii'i Chapter, and the Kahalu'u Neighborhood Board No. 29.

Supporting testimony revealed concerns that reflect the need for careful management of Kaneohe Bay and the intent to protect both the natural environment as well as the public and commercial uses of the Bay.

However, the Department of Land and Natural Resources (DLNR) and the Department of Transportation (DOT) opposed this measure as they believed that the timing is premature, and meaningful interim rules cannot be prepared and adopted in the short six months before January 1, 1991. DLNR believed that the more desirable means to address the ongoing user competition should be via the DOT's Ocean Recreation Management Plan which would provide a sound basis for regulation and reduction of user competition.

In addition, DLNR is undertaking a baseline study of the marine resources which would provide a basis to help formulate any mitigation measures that may be necessary to eliminate or alleviate detrimental practices to the marine ecosystem.

Your Committees, upon further consideration, have replaced the language of this bill with new language that would be:

- 1) Specifically establishing a Kaneohe Bay Advisory Committee to study and develop a Master Plan which would be part of the Department of Transportation's Ocean Recreational Plan;
- 2) Establishing a moratorium on any additional commercial use of the Bay;
- 3) Changing the lead expending agency to the Department of Transportation (DOT); and

- 4) Making technical, nonsubstantive changes for the purposes of style, clarity, and consistency.

Your Committees on Ocean and Marine Resources and Water and Land Use are in accord with the intent and purpose of S.B. No. 3306, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3306, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 849-90 Ocean and Marine Resources on S.B. No. 2223

The purpose of the bill is to amend Section 188-40, Hawaii Revised Statutes, to make it unlawful to sell any ahi, opakapaka, or onaga less than three pounds in weight.

Your Committee heard testimony from the Department of Land and Natural Resources, the University of Hawaii Environmental Center and Tamashiro Market, Inc.

Testimony indicated that some measure of conservation for the small ahi is warranted because of their possible later contribution as larger fish in our ahi fishery. In addition, the present minimum size of one pound for the commercially important bottomfishes of opakapaka and onaga does not ensure protection for reproduction purposes. The three pound size for opakapaka, onaga and ahi will protect the small fish from the competition of commercial sale.

However, further testimony revealed that onaga and opakapaka are caught at deep depths by hook and line bottomfishing methods. By doing so, it is impossible to control the size of fish caught, and neither the size of bait nor hook will determine the size caught.

Catching and releasing onaga and opakapaka is not favorable since when brought to the surface, the change in gas pressure from the bottom depths will cause the fish to vomit, weaken, and die. Unlike the bottomfish, small ahi live near the surface and have a good chance of survival if they are released back into the water.

Your Committee, upon further consideration, has amended the bill to delete onaga and opakapaka from the three pound minimum weight.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 2223, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2223, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 850-90 Health on S.B. No. 2169

The purpose of this bill is to require establishments selling liquor, beer, or wine at retail to post point-of-purchase signs warning that drinking alcoholic beverages during pregnancy can cause birth defects.

Your Committee received testimony in support of this bill from the Department of Health; the Hawaii Healthy Mothers, Healthy Babies Coalition; and the Hawaii Public Health Association.

The Department of Health testified that many women do not realize that consuming one or two drinks a day during pregnancy can cause birth defects. The posting of the proposed warning signs will help to replace the old adage that, "Just one drink won't hurt".

The Hawaii Healthy Mothers, Healthy Babies Coalition testified that posting point-of-purchase warning signs will serve to educate the general public, as well as pregnant mothers.

Your Committee received testimony against this bill from the Retail Liquor Dealers Association, the Hawaii Food and Beverage Association, the Liquor Dispensers of Hawaii, the Legislative Center as legislative liaison for Anheuser-Busch Companies, the Hawaii Hotel Association, and the Distilled Spirits Council of the United States. This testimony indicated that liquor establishments are already required to post too many signs. This testimony also indicated that warning signs are unnecessary because the federal Alcoholic Beverage Labeling Act of 1988 already requires all alcoholic beverages bottled after November 18, 1989, to bear a statement on their containers that according to the Surgeon General, women should not drink alcoholic beverages during pregnancy because of the risk of birth defects.

Your Committee finds that this bill serves an important public health purpose by promoting the reduction of Fetal Alcohol Syndrome and Fetal Alcohol Effects. While federal law may provide some notice to pregnant mothers, your Committee finds that further warning is warranted.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2169 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 851-90 Health on S.B. No. 2849

The purpose of this bill is to authorize the Department of Health to provide an array of support services to families and caregivers as may be necessary to maintain and enhance caregiving in community-based private homes for persons with developmental disabilities.

Your Committee received testimony in support of this bill from the Department of Health, the State Planning Council on Developmental Disabilities, the Kapiolani Medical Center for Women and Children, and the Commission on Persons with Disabilities.

The testimony indicated that assistance to families caring for developmentally disabled persons too often falls far short of what is needed to maintain the developmentally disabled at home. For example, family resources are often inadequate to meet the expense of required equipment, home, and vehicle modifications, as well as the costs of counseling, personal care, and other needed support services. By making a comprehensive array of support services available to families and caregivers, this bill will greatly enhance the quality of life for both the providers of care and the persons being cared for.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2849, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 852-90 Health on S.B. No. 3110

The purpose of this bill is to amend Chapter 333F, Hawaii Revised Statutes, to clarify that the Department of Health is authorized to establish and administer special funds for the deposit and expenditure of earned Title XIX funds collected for Medicaid community programs servicing the developmentally disabled.

Your Committee finds that by enacting Act 341, Session Laws of Hawaii 1989, the Legislature intended to grant the Department of Health the authority to establish and administer special funds to maximize the use of federal (Title XIX) funds collected for services to persons with developmental disabilities. However, because this grant of authority was not drafted as a statutory amendment, its language is not contained in Chapter 333F. This has resulted in considerable confusion which has made it difficult for the Department of Health to establish special fund accounts.

Your Committee received testimony in support of this bill from the Department of Health, the State Planning Council on Developmental Disabilities, and the Commission on Persons with Disabilities.

The testimony indicated that the clarification provided by this bill will greatly facilitate the implementation of Medicaid community-based programs for the developmentally disabled.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3110 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 853-90 Housing on S.B. No. 3094

The purpose of this bill is to:

- (1) Exempt market-priced units in integrated housing developments from the buy back and owner-occupancy requirements of the Housing Finance and Development Corporation (HFDC);
- (2) Clarify that the HFDC has the option to buy-back dwelling units financed under a federally subsidized mortgage program;
- (3) Add a definition of "cash equity" to Section 201E-2, Hawaii Revised Statutes, which is consistent with the definition currently being used by the HFDC and the counties when repurchasing units under buy-back statutes;
- (4) Require that a "qualified resident" under Section 201E-2, must be a domiciliary of the State rather than a bona-fide resident of the State;
- (5) Clarify that with regard to purchasers of market-priced units in economically integrated housing projects, the term, "qualified resident", means a person who is a citizen of the United States or a resident alien, is domiciled in the State, is at least eighteen years of age, and meets other qualifications as determined by the developer;
- (6) Require that if the purchaser of an HFDC housing unit wishes to sell the unit after the ten year buy-back period, the purchaser must sell the unit to another "qualified resident"; and
- (7) Require that all subsequent transfers of HFDC affordable housing units be to "qualified residents".

The Department of Budget and Finance submitted testimony in support of this bill.

Based on the foregoing testimony, your Committee has amended the bill as follows:

- (1) Deleted the phrase, "when husband and wife are living together," from the definition of "qualified resident"; and
- (2) Made technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 3094, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3094, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Peters.

SCRep. 854-90 Housing on S.B. No. 3148

The purpose of this bill is to authorize the Hawaii Housing Authority (HHA) to certify for exemption from general excise tax, qualified persons or firms involved in the rehabilitation or construction of housing developed by HHA under Chapters 356 and 359, Hawaii Revised Statutes. This authority is presently held by the Housing Finance and Development Corporation for all HHA projects.

Your Committee received testimony in support of this bill from the Hawaii Housing Authority and the Department of Taxation.

Your Committee feels that due to federal cutbacks in housing and an increase in Hawaii's population, there is a great need for both affordable and low-income housing as well as low-income rental housing. In order to expedite the development of such housing, the HHA should have the proposed authority.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 3148, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 855-90 Housing on S.B. No. 2184

The purpose of this bill is to clarify that the exemption from general excise tax for newly constructed, or moderately or substantially rehabilitated housing projects set forth in Section 201E-205, Hawaii Revised Statutes, applies only to eligible gross income received from particular projects that have been approved and certified for exemption by the Housing Finance and Development Corporation, and not to the entire business of the developer involved. This bill also specifies that the foregoing exemption does not apply to routine or minor repairs.

The Department of Taxation submitted testimony in support of this bill.

Your Committee finds that the proposed amendments are consistent with the original intent of the Legislature in enacting this specific general excise tax exemption.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 2184, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 856-90 Labor and Public Employment and Intergovernmental Relations and International Affairs on S.B. No. 3162

The purpose of this bill is to fund repricing actions in the recommended compensation plans for the state executive branch, the judiciary, and the counties for certain professional and scientific job classes.

While a substantial number of heavily populated classes were repriced during recent reviews, most departments would be unable to fund the increased payroll cost from existing appropriations without substantial delay in filling vacant positions or, conceivably, transferring funds from other program areas. Therefore, added funds are essential to avoid serious fiscal repercussions in the employing departments.

Your Committees received favorable testimony from the Department of Personnel Services, the State Judiciary, the City and County of Honolulu, and the Hawaii Government Employees Association.

The City and County of Honolulu testified the appropriation amount contained in this bill inadvertently did not include the additional FICA costs. Therefore, your Committees have amended this bill to increase the appropriation amount for the City and County of Honolulu to \$886,291.

Your Committees on Labor and Public Employment and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 3162, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3162, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 857-90 Labor and Public Employment on S.B. No. 1526

The purpose of this bill is to add a new teacher class for any teacher who holds a certificate issued by the Department of Education based upon five acceptable years of college education and sixty additional credits approved by the department, and other requirements as the department may establish. Under this bill, the present class VII, which requires a doctorate, has been changed to class VIII and a new class VII has been established.

Your Committee finds that to maintain a highly competent and updated pool of professionally trained teachers, incentives for professional development are essential. This bill provides for such incentives.

Under Section 89-9(d), Hawaii Revised Statutes, classification and re-classification matters are considered excluded from collective bargaining, therefore any classification changes must be accomplished through the State legislature.

Your Committee received favorable testimony from the Hawaii State Teachers Association.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1526, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 858-90 Labor and Public Employment on S.B. No. 2894

The purpose of this bill is to allow the Attorney General to appoint a representative as legal adviser to the Board of Trustees of the Public Employees Health Fund and to authorize the Board of Trustees to select their own legal counsel.

Your Committee finds that this bill will minimize the problem of conflicts of interest resulting from the Attorney General representing the Health Fund and being a member of the Governor's cabinet. The conflicts of interest problem arises because the Governor is defined as an "employer" by chapter 89, Hawaii Revised Statutes.

Your Committee received testimony from the Hawaii Employees Health Fund and the Hawaii Government Employees Association.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2894, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 859-90 Labor and Public Employment on S.B. No. 3101

The purpose of this bill is to provide public employees who first became members of the Employees' Retirement System before January 1, 1990 an option on their payable benefits.

This option is necessary because of certain amendments to federal tax laws establishing new limits on the amount of benefits that can be paid by qualified retirement plans.

Your Committee received testimony supporting the intent of the bill from the Department of Budget and Finance and the Hawaii State Teachers Association.

Before 1973 and before the full impact of the Equal Rights Amendment was realized in Hawaii, female teachers were required to take unpaid leaves of absence during their pregnancies. These required leaves were directly tied to the school's semester calendar.

The Hawaii State Teachers Association testified that the female teachers who were forced to take leaves of absences should be extended the same option given to those in the military who are now provided the opportunity to purchase credits toward their retirement.

Accordingly, your Committee has amended this bill by adding a new section to allow employees to purchase credit for mandatory maternity leave.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3101, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3101, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 860-90 Labor and Public Employment on S.B. No. 3115

The purpose of this bill is to provide for the appointment of an administrative rules officer, and administrative rules specialist as necessary, to direct the adoption of administrative rules and the issuance of other memoranda relating to taxes administered by the Department of Taxation.

The Department of Taxation has hired temporary attorneys to fulfill these duties, and desires to institute permanent positions which are necessary due to the current backlog in this area. The designation of an administrative rules officer

and specialists under the Director of Taxation will assure that the administration of the State's tax laws and policy is set forth in a systematic and orderly manner.

Your Committee received favorable testimony from the Department of Taxation.

The Department of Taxation testified that section 2 of this bill was unnecessary and confusing. Therefore, your Committee has amended this bill by deleting section 2.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3115, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3115, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 861-90 Human Services and Health on S.B. No. 2907

The purpose of this bill is to promote the optimal health of pregnant women and ensure the best outcomes for all births by appropriating resources to:

- (1) Establish a perinatal care hotline referral and resource service for pregnant women and women of childbearing age;
- (2) Establish a three-year demonstration project to provide incentives to pregnant women to seek perinatal care;
- (3) Establish a three-year demonstration project to provide at least three programs for comprehensive perinatal services in needy areas and reimbursement for comprehensive services for low-income or high-risk pregnancies, including nutrition education, health education, psychosocial services, and the provision of perinatal vitamins and minerals;
- (4) Establish a three-year demonstration project which increases the medicaid reimbursement for deliveries to encourage physicians and certified nurse-midwives to accept medicaid patients; and
- (5) Expand eligibility under the federally funded Women, Infants, and Children (WIC) program so that all women receiving medicaid assistance and all members of families in which a pregnant woman or infant receives medicaid assistance are considered automatically income eligible for the WIC program.

Your Committees received testimony in support of this bill from the Departments of Human Services and Health; the Healthy Mothers, Health Babies Coalition; the Hawaii Public Health Association; the Kalihi-Palama Health Clinic; the National Association of Social Workers, Inc., Hawaii Chapter; the Hawaii Medical Service Association; the Kapiolani Medical Center for Women and Children; Hawaii Certified Nurse-Midwives; and the American Association of University Women.

The Department of Human Services requested that reimbursement for physicians and certified nurse midwives for vaginal birth and caesarean sections under the proposed medicaid patient delivery supplement demonstration project be determined according to payment schedules comparable to the prevailing rates of reimbursements. The Department testified that this amendment ensures federal financial participation in the project.

The Department of Health testified that recent changes in federal law require the proposed perinatal care hotline.

Additionally, the Department of Health proposed language which would amend Sections 324-1 and 324-2, Hawaii Revised Statutes, to facilitate the operations of the Hawaii Birth Defects Monitoring program. This program, which has been in operation since April, 1989, collects demographic and diagnostic data on over 1,000 types of birth defects. The Department testified that the proposed language ensures that the work of the program will continue without interruption and that confidentiality of program data will be preserved.

Based on the foregoing testimony, your Committees have amended the bill as follows:

- (1) Amended Section 324-1 to include the Department of Health as one of the entities that may receive data for use in the course of any study on reducing maternal and perinatal morbidity or mortality;
- (2) Amended Section 324-2 to extend to the Department of Health, all restrictions provided therein regarding the use and confidentiality of data;
- (3) Deleted references to specific reimbursement amounts for the proposed medicaid patient delivery supplement demonstration project and incorporated language providing that reimbursement shall be determined according to payment schedules comparable to prevailing rates of reimbursements;
- (4) Provided that Sections 12 and 13 of the bill pertaining to amendments of Sections 324-1 and 324-2, respectively, shall take effect upon approval; and
- (5) Made technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees on Human Services and Health are in accord with the intent and purpose of S.B. No. 2907, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2907, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 862-90 Human Services on S.B. No. 2837

The purpose of this bill is to clarify that motor vehicles insured under no-fault policies provided to welfare recipients free of charge under Section 431:10C-407, Hawaii Revised Statutes, shall be used strictly for personal, rather than commercial, purposes.

This bill also extends free no-fault automobile insurance coverage to permanently disabled individuals who are receiving public assistance and who are unable to operate their vehicles.

Your Committee received testimony in support of this bill from the Department of Human Services and the Hawaii Insurers Council.

The testimony indicated that while the intent of Section 431:10C-407(b)(2) is to assist welfare recipients in the use of their vehicles for personal purposes, such as seeking medical assistance and transportation to and from their place of employment, several free insurance recipients have used their vehicles for commercial purposes, such as for taxicab and vending services. This bill clarifies that free no-fault insurance is available only for vehicles used strictly for personal purposes.

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

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2837, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2837, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 863-90 Judiciary on S.B. No. 756

The purpose of this bill is to allow the Ethics Commission to determine the salary of its executive director. At present, the salary of the director is set by statute.

Your Committee finds that the lengthy process of amending a statute to increase the executive director's salary is cumbersome and time-consuming. Such delays do not reward dedicated public officials or encourage their retention. The faster, more responsive procedure is to enable the commission to set the salary. The Legislature will retain some control over the salary as it must be set within the amounts made available by legislative appropriation.

Testimony favoring the passage of this bill was received from the State Ethics Commission and Common Cause.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 756 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 864-90 Judiciary on S.B. No. 2938

The purpose of this bill is to increase the number of exemptions permitted under section 76-16(9), Hawaii Revised Statutes, by adding one law clerk for the civil administrative judge, first circuit; one law clerk for the criminal motions judge, first circuit; and two law clerks for the administrative judge of the district court, first circuit. These positions are currently filled and have already received funding. This bill seeks to change the law by conferring statutory authority on the judges to fill them.

Your Committee finds that maintaining these positions as exempt positions on a permanent basis will help to maintain a high level of judicial operations by enabling the Judiciary to fill the positions in a timely manner.

Your Committee received favorable testimony regarding the passage of this bill from a representative of the Judiciary.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2938 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 865-90 Judiciary on S.B. No. 2569

The purpose of this bill is to appropriate funds to study the planning, engineering, installation, training, and implementation of a trunking radio system backbone and a mobile data terminal system backbone for the Honolulu Police Department.

Your Committee received testimony in support of this bill from the Department of the Attorney General and interested members of the State of Hawaii Organization of Police Officers.

Your Committee finds that the present telecommunications system of the Honolulu Police Department is obsolete, ineffective, and dangerous. Problems with the system include congested radio channels which cause dispatchers and officers to wait too long to make calls, poor radio coverage in valleys and high rise areas, inability for officers on the same radio channel to communicate with each other, manual selection of transmitter sites by dispatchers, disruption of public safety communications through lost or stolen portable and mobile radios, identification of units only by their verbal call signal, and insufficient non-interfering frequencies allocated to the police radio service. As a result, there is a decreasing ability to provide adequate safety for both the public and police officers.

A mobile data terminal system and an enhanced trunking radio system will solve the foregoing problems by relieving traffic congestion on voice channels, reducing dispatcher workload, enabling faster response in securing data information from field officers, improving radio coverage in valley and high rise areas, increasing communications between units through elimination of simultaneous transmissions, eliminating manual selection of transmitter sites, providing automatic identification of all officers operating in the system, allowing supervisory control of all portable and mobile radios, and offering flexible restructuring of new radio channels for emergencies and future growth.

Your Committee finds that there is a critical need to upgrade the telecommunications systems of the Honolulu Police Department to enhance public and police officer safety.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2569, S.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 866-90 Judiciary on S.B. No. 2945

The purpose of this bill is to appropriate moneys to the Office of the Lieutenant Governor to replace the current voting system with a new, totally electronic voting system.

Testimony in favor of this bill was received from the Office of the Lieutenant Governor and the Association of Clerks and Election Officers.

Your Committee understands that this bill would direct the temporary advisory committee on electronic voting systems to select, and the chief election officer to acquire, a totally electronic voting system.

This bill is based on the recommendations of the advisory committee, which was established pursuant to House Concurrent Resolution 194 of the 1989 Legislature. The advisory committee recommended:

- 1) That Hawaii should replace its present system with totally electronic voting, to be instituted for the 1992 elections;
- 2) That the state should adopt standards for electronic voting systems consistent with state election laws, and to the extent possible, with the voluntary standards being developed by the Federal Election Commission; and
- 3) That the advisory committee should continue its comparative evaluation of the systems before recommending a specific vendor.

Your Committee realizes that although the current voting system is reliable, there exist disadvantages when compared to totally electronic systems.

First, paper balloting is labor intensive to process and tabulate. Second, the current system requires significant outlays for ballot printing. For recent elections, the cost ranged from \$700,000 to nearly \$1,000,000. That expense would be eliminated by the use of an electronic voting system. Third, the current system is obsolescent. An inordinate amount of technical support is required to maintain current machines and projected costs for the operation and maintenance of these machines are rising since the maker of these machines, IBM, no longer manufactures or services them. Fourth, there exists a greater tabulating speed with an electronic voting system rather than a ballot system.

Your Committee believes that the advantage of totally electronic voting is overwhelming and endorses the advisory committee's recommendations, and amends this bill by appropriating \$10,500,000 to carry out the stated purposes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2945, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2945, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 867-90 Judiciary on S.B. No. 2288

The purpose of this bill is to establish a special fund into which will be deposited fines and fees collected from Hawaii Supreme Court Law Library patrons.

Your Committee received testimony in support of this bill from the Judiciary and finds that allowing the Supreme Court Law Library to retain control of these funds will give it the same level of operational flexibility now enjoyed by the state library system and will improve its ability to serve its patrons.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2288 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 868-90 Judiciary on S.B. No. 2294

The purpose of this bill is to make offers-in-compromise of state tax liability available for public inspection.

Recently, the State Office of Information Practices released an opinion which ruled that offers-in-compromise are not subject to public disclosure. Under federal tax law, offers-in-compromise are subject to public scrutiny. Your Committee believes that offers-in-compromise for state taxes should also be disclosed to the public.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2294, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 869-90 Planning, Energy and Environmental Protection on S.B. No. 2222 (Majority)

The purpose of this bill is to encourage energy conservation by providing tax incentives for the purchase and installation of energy conserving devices and systems. Specifically this bill, as received, would do the following:

- (1) Increase the tax credit to 25 percent for wind energy devices, heat pumps, or ice storage systems; and
- (2) Increase the tax credit to 50 percent for solar energy devices;
- (3) Provide a 25 percent tax credit for gas water heaters; and
- (4) Provide a 50 percent tax credit for solar thermal electric generation systems.

Your Committee finds that offering these energy conservation tax credits would promote the use of energy-efficient water heating or electric generation systems and decrease Hawaii's dependence on imported fossil fuels.

Your Committee received testimony from the Department of Business and Economic Development, the Department of Taxation, the Environmental Center, Hawaiian Electric Company, Inc., Gasco, Inc., and the Tax Foundation of Hawaii supporting the intent of the measure.

Despite recommendations to eliminate gas water heaters because they do not reduce fossil fuel consumption, your Committee has retained tax credits for gas water heaters because in comparison to other devices, they still promote energy conservation.

Your Committee has amended the bill based on the recommendations of the Department of Business and Economic Development to provide tax credits for solar or wind energy devices, heat pumps, gas water heaters, ice storage systems, and solar thermal electric generation systems to take effect after December 31, 1989 and before December 31, 1998 as follows:

- (1) Solar energy devices and solar thermal electric generation systems: 50 percent or \$2,500 tax credit for single family homes;
- (2) Solar energy devices and solar thermal electric generation systems: 50 percent solar or \$500 per unit tax credit for multi-unit buildings primarily used for residential purposes;
- (3) Heat pumps: 25 percent or \$500 tax credit for single family homes;
- (4) Heat pumps: 25 percent or \$100 tax credit for multi-unit buildings primarily used for residential purposes; and
- (5) Wind energy systems, gas water heaters, and ice storage systems: 25 percent tax credit.

Other technical, nonsubstantive amendments have been made for the purposes of style and clarity.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 2222, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2222, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 870-90 Planning, Energy and Environmental Protection on S.B. No. 1611

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for the purpose of assisting the Wailuku River Hydroelectric Power Company, Inc., in establishing a hydroelectric generating facility.

Your Committee finds that it is necessary to utilize an assortment of energy technologies in order to achieve the goal of integrated resource planning. In addition, the encouragement of renewable hydroelectric energy serves the dual purpose of lessening the State's dependence on fossil fuel, while also reducing the emission of carbon dioxide into the atmosphere.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of S.B. No. 1611, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 871-90 Planning, Energy and Environmental Protection on S.B. No. 3416 (Majority)

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist the Puna Geothermal Venture in financing the Ormat geothermal facility in Puna, Hawaii.

Your Committee finds that the State must reduce its reliance on fossil fuel in order to progress towards energy independence and to mitigate the negative environmental effects associated with the combustion of such fuel. However, in passing this measure, your Committee intends that nothing in this bill or report should be construed as an endorsement by the legislature of the project for which the bonds are sought. In addition, your Committee recognizes that special purpose revenue bonds are not a general obligation of the State.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 3416 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 872-90 Agriculture and Transportation on S.B. No. 2482

The purpose of his bill is to strengthen the current plant and non-domestic animal quarantine law.

More specifically, the bill will:

- (1) Amend the penalties for consistency and ease in application by establishing new penalties, increasing certain penalties, and providing for progressively incremental penalties for repeated offenders;
- (2) Compel airlines and other carriers to be more consistent in their duties to conform to the control law, particularly regarding the distribution and collection of the declaration forms by making noncompliance a violation subject to certain penalties;
- (3) Require the Board of Agriculture (Board) to maintain three types of lists of animals and microorganisms:
 - (A) A conditionally approved list which requires a permit for import;
 - (B) A restricted list which requires a permit for import and possession; and
 - (C) A prohibited list;
- (4) Automatically prohibit animals and microorganisms that are not on any of the lists to be imported until the Board reviews and makes a determination for placement on one of the lists;
- (5) Require the Board to maintain a list of restricted plants, and authorize the Board to maintain a list of prohibited plants;
- (6) Allow the Board to permit possession of plants, animals, and microorganisms under certain conditions;
- (7) Allow the Board to focus its confiscation and capturing efforts on highly restricted organisms that have escaped; and
- (8) Exempt the Advisory Committee on Plants and Animals and ad hoc, permanent subcommittees from the requirements of public notices for meetings.

Your Committees received testimony in support of this bill from the Department of Agriculture (DOA), the Hawaii Farm Bureau Federation, the League of Women Voters, the Honolulu Airlines Committee, and the University of Hawaii Environmental Center.

The testimony indicated strong support for the provisions of this bill to control the importation and possession of plants, non-domestic animals, and microorganisms considered nuisance, harmful, or dangerous to the agricultural industries, the residents, and the flora and fauna of the State.

Upon further consideration, your Committees have amended this bill as follows:

- (1) Re-phrased lines 16-20, page 14 of the bill, as received;
- (2) Deleted the amendments in Section 6 (lines 2-4 and 10-11, page 18 of the bill, as received) which would have exempted the Advisory Committee on Plants and Animals and ad hoc or permanent subcommittees from Chapter 92 requirements;
- (3) Exempted carriers from the penalty provisions of Section 150A-14 for violations of Section 150A-5 (2) (b) (line 15, page 18 of the bill, as received);
- (4) Replaced the phrase, "shall be sentenced as follows" with "shall be penalized as follows" on lines 4-5, page 19 of the bill, as received;
- (5) Inserted a new subsection (b) that provides for new penalties to carriers for violations to Section 150A-5 (2) (B) following line 15, page 19 of the bill, as received;
- (6) Deleted "carriers" from the penalties contained in Section 150A-14 (b) (line 16, page 19 of the bill, as received);
- (7) Added the phrase "and on the restricted list if without a permit" in line 19, page 19 of the bill, as received, between the words "list" and "maintained";
- (8) Added a new subsection (e) that the court require the person or organization responsible for introducing a pest to pay for control or eradication costs; and
- (9) Made technical, nonsubstantive amendments to the bill for the purpose of style, clarity, and consistency.

Because there were several legal questions and recommendations for amending the penalty section under section 7 of this bill, your Committees recommended that the representatives from DOA and the Environmental Center work with the Attorney General's Office to develop language for the amendments and present it to the Committee on Judiciary for incorporation into this bill.

Your Committees on Agriculture and Transportation, and Health are in accord with the intent and purpose of S.B. No. 2482, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2482, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees.

SCRep. 873-90 Agriculture on S.B. No. 3011

The purpose of this bill is to establish a new meat inspection service for exotic animals.

Specifically, this bill proposes to:

- (1) Establish a new exotic animals and game meat reimbursable inspection service to be provided on request;
- (2) Establish a self-supporting exotic animal inspection involving fund to handle receipts and disbursements;
- (3) Stiffen the penalties for violation of the Hawaii meat inspection laws, including the penalty of bribery;
- (4) Provide exemptions for slaughterhouses engaged in the custom operation of slaughtering exotic animals;
- (5) Clarify and define the overtime and compensation provision for meat inspectors; and
- (6) Make housekeeping amendments to conform with other provisions of the Hawaii Revised Statutes.

Your Committee received testimony from the Department of Agriculture (DOA) indicating its concerns with the consequences of certain deletions made from Sections 7 and 9.

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

- (1) Inserted subparagraph "(A)" in Section 7 to permit non-slaughterers to provide custom preparation services instead of limiting this service only to the person who slaughtered the animal;
- (2) Inserted subparagraph "(B)" in Section 7 to require custom exempt operators to separate inspected from non-inspected meat or meat products and to identify the non-inspected products so that these products can be distinguished as inspected or non-inspected meat or meat products;
- (3) Inserted subparagraph "(C)" in Section 7 to:
 - (a) Provide the Board of Agriculture (Board) with the power to issue permits for custom exempt activities so that the permit would be a part and parcel of the registration requirement and serve as an official notice that the DOA acknowledges and approves of the custom operations; and

- Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3011, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3011, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

SCRep. 874-90 Education on S.B. No. 2596

Your Committee finds that athletic coaches have not had a significant pay increase in four years, and that other supplemental workers in the public schools receive no compensation at all for their work with students in co-curricular programs.

Your Committee has amended the bill to delete all language relating to Chapter 89, Hawaii Revised Statutes. In enacting the collective bargaining law the Legislature intended the employer and the employees, independently or through an exclusive representative, to negotiate a written collective bargaining agreement. Upon reaching agreement and ratification by the employees, all cost items are to be submitted to the Legislature for approval or rejection. This measure, however, has not been preceded by a written agreement signed by the parties.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2596, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2596, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

SCRep. 875-90 Human Services and Housing on S.B. No. 2905

Your Committee finds that, due to the increasing shortage of affordable housing in Hawaii, changes to the rent supplement program are appropriate in order to give relief to persons with the greatest need. Persons receiving federal supplemental security income assistance, such as low-income elderly persons and persons with disabilities, should be included in the rent supplement program.

Your Committees on Human Services and Housing are in accord with the intent and purpose of S.B. No. 2905, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

SCRep. 876-90 Human Services on S.B. No. 3394

The purpose of this bill is to encourage persons receiving public assistance benefits to seek employment and become self-sufficient by reforming State procedures concerning the computation of assistance allowances for income generating households.

Specifically, this bill authorizes the Department of Human Services to establish a system of determining the assistance allowances for income generating households by subtracting income from the standard of need rather than the standard of assistance. Accordingly, persons collecting wages and receiving full assistance allowances would still be eligible for other public assistance benefits, such as medicaid and child care allowances, so long as their net income remains below the standard of need.

Your Committee received supporting testimony from the Department of Human Services, the State Planning Council on Developmental Disabilities, the Committee on Welfare Concerns, the Honolulu Community Action Program, Inc., the Life Foundation, the National Association of Social Workers, Inc., and the Office for Social Ministry and Catholic Charities.

The Department of Human Services testified that implementation of the income incentives proposed by the bill would require an appropriation of \$1,589,194.

The Committee on Welfare Concerns testified that assistance allowance should be based on seventy percent of the standard of need rather than the current sixty-two and one half percent in order to ensure a decent standard of living for the families, children, elderly, and disabled of Hawaii. The Honolulu Community Action Program, Inc., the Life Foundation, the National Association of Social Workers, and the State Planning Council on Developmental Disabilities supported this recommendation.

The Department of Human Services indicated that it would require additional resources in the amount of \$11,852,110 in order to implement the proposed assistance increase to seventy percent of the standard of need.

Based on the foregoing testimony, your Committee has amended the bill as follows:

- (1) Appropriated \$1,589,194 to encourage persons receiving public assistance to seek employment by providing them with income incentives;
- (2) Raised the assistance allowance to seventy percent of the standard of need and appropriated \$11,852,110 to implement this increase; and
- (3) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3394, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3394, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 877-90 Human Services on S.B. No. 3079

The purpose of this bill is to amend the reimbursement base for medicaid individual providers by using customary fees in the calculation of health care payments. This amendment will provide equity in reimbursement to individual providers and assist those providers on the low end of the reimbursement scale to be paid in parity with their colleagues.

Your Committee received favorable testimony from the Department of Human Services (DHS), the Department of Health, and the Hawaii Psychological Association.

The DHS testified that the proposed amendment would increase health care payments to individual providers by a projected nine percent, and accordingly, an appropriation of \$2,065,166 would be required.

The Department of Health testified that the proposed reimbursement increase will provide an incentive for providers to accept Medicaid patients.

Based on the foregoing testimony, your Committee has amended the bill by inserting an appropriation of \$2,065,166 to be expended by the Department of Human Services.

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

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3079, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3079, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 878-90 Human Services on S.B. No. 3443

The purpose of this bill is to appropriate \$70,000 for the planning of services for the frail elderly at Maluhia Hospital and to provide training for appropriate staff and for the salary of an interim project director.

This bill provides planning money for the replication of the innovative and nationally recognized On Lok model of health care services. Founded in San Francisco's Chinatown district, On Lok is one of the nation's most effective programs providing affordable health care services and housing for the frail elderly.

The need for long term care is rapidly reaching crisis proportions, with the older adult population in Hawaii growing at a staggering rate of two and one-half to three times faster than the rest of the State's population. Your Committee finds that this increased demand on the long term care system calls for innovation in service delivery and financing mechanisms such as those developed in the On Lok program.

Your Committee received testimony in favor of this measure from the Executive Office on Aging, the Department of Health and the Kokua Council for Senior Citizens.

Your Committee has amended Section 2 of the bill by including a proposed budget breakdown for the \$70,000 appropriation amount. Technical and nonsubstantive amendments were made for the purpose of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3443, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3443, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 879-90 Human Services on S.B. No. 3143

The purpose of this bill is to establish a mandatory work program for certain applicants and recipients of Aid to Families with Dependent Children (AFDC). The program, to be known as the job opportunities and basic skills (JOBS) program, is to be administered by the Department of Human Services in accordance with the federal JOBS program requirements.

Your Committee believes that many public assistance recipients do not wish to remain on welfare; however, they are unable to end their dependency because they do not possess the necessary skills to seek out or qualify for a job. Your Committee agrees with the program proposed in this bill since it will provide the means for public assistance recipients to end their welfare dependency.

Your Committee received testimony in favor of this bill from the Department of Human Services, the Office of Children and Youth, the Department of Labor and Industrial Relations, the Committee on Welfare Concerns, the Honolulu Community Action Program, the National Association of Social Workers and the Diocese of Honolulu.

Your Committee has amended Section 1, page 3, subsection (d) to provide that participants not offered specific services due to lack of resources are placed on an inactive status until such services are available and to further provide, any participant placed on an inactive status due to lack of resources shall not incur any negative sanctions as a result of that placement.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3143, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3143, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 880-90 Human Services on S.B. No. 2822

The purpose of this bill is to appropriate funds to supplement the federally funded Special Supplemental Food Program for Women, Infants, and Children (WIC).

The WIC program targets high risk pregnant and nursing women, infants and children under five years of age. The program provides food coupons for specific foods and nutrition education. It is estimated that there are forty-three thousand eligible WIC individuals in Hawaii. In 1986, a study by the Food and Research Action Center showed Hawaii ranking last in the nation in serving only twenty per cent of eligible individuals. Supplemental funding from the Legislature is necessary to expand the program to meet the needs of the State.

Your Committee received testimony in favor of this act from the Department of Health, the Office of Children and Youth, the Hawaii State Commission on the Status of Women, RESULTS, Hawaii Nutrition Council, Ending Hunger Hawaii, and private citizens.

Your Committee has amended Section 1 of the bill to include a description of the WIC program and to provide information about the importance of prenatal care in Hawaii. Technical and nonsubstantive amendments were made for the purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2822, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2822, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 881-90 Human Services on S.B. No. 3147

The purpose of this bill is to amend the standard for the payment of personal care services by the Department of Human Services from a ceiling of sixty-five percent to a ceiling of seventy-five percent of the annual Medicaid cost for comparable care in intermediate care or skilled nursing facilities in order to maintain these services at an appropriate level of home care.

Your Committee finds that in-home services are increasingly needed in the State and emphasizes that these services, provided by the the community long term care branch of the Department of Human Services through its nursing home without walls program, are rendered in the homes of patients, thus avoiding the costs to the State, and the stress to patients, of institutionalization.

Your Committee received testimony in support of this measure from the Department of Human Services, the Commission on Persons with Disabilities, the American Association of University Women and the Kokua Council for Senior Citizens.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3147, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 882-90 Human Services on S.B. No. 2604

The purpose of this bill is to establish a year of the family commission to oversee all aspects of the commemoration of 1992 as the Year of the Family in Hawaii.

Your Committee finds that a strong family unit is the nucleus from which a positive and cohesive society may grow and develop, but that increasing strains of modern life are threatening the stability of the family unit. Accordingly, your Committee finds that steps should be taken to recognize the importance of the family and to enhance and reinforce the family unit.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2604, S.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 883-90 Human Services on S.B. No. 2885

The purpose of this bill is to extend health care assistance to children one to eight years of age living in families with incomes up to 133% of the federal poverty level.

Your Committee received testimony in support of this bill from the Department of Health, the Department of Human Services, the Committee on Welfare Concerns, the Office of Children and Youth, the State Planning Council on Developmental Disabilities, the Honolulu Community Action Program, Inc., and the Hawaii Chapter of the National Association of Social Workers, Inc.

The Department of Human Services testified that the federal Health Care Financing Administration has clarified that the 133% standard is applicable for children only up to the age of six under federal law. The Department also testified that an appropriation of \$563,720 would be required to extend health care assistance to this smaller target group.

Based on the foregoing testimony, your Committee has amended this bill as follows:

- (1) Limited the proposed extension of health care assistance to children from one to six years of age; and
- (2) Reduced the appropriated amount to \$563,720.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2885, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2885, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 884-90 Human Services on S.B. No. 3341

The purpose of this bill is to amend Section 346-17.4, Hawaii Revised Statutes, to allow eligible foster children who are attending accredited institutions of higher learning outside the State to receive foster board allowances.

Your Committee received testimony in support of this bill from the Department of Human Services (Department) and the Office of Children and Youth.

Based on the foregoing testimony, your Committee has amended the bill as follows:

- (1) Allowed foster board allowances for eligible foster children attending accredited institutions of higher learning either out-of-state or within the State to be paid to a designee approved by the Department;
- (2) Allowed for reimbursement of a former foster child's maintenance cost retroactive to the child's entry into an accredited institution of higher learning on a full-time basis;
- (3) Provided that the Department's standards relating to income resources of the foster child shall be applicable;
- (4) Provided that the Act shall take effect upon approval; and
- (5) Made technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3341, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3341, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 885-90 Legislative Management on S.B. No. 2338

The purpose of this bill is to establish an Office of the Legislative Analyst, which is to be administered by a joint legislative commission on planning and fiscal policy. This commission would be composed of eight legislators from both houses.

With the assistance of the Office of the Legislative Analyst, the commission would provide the Legislature with research, evaluation, analyses, and recommendations regarding state revenues and expenditures, the executive budget, and economic and fiscal policy.

The 1989 study commissioned by the Senate and House Leadership and prepared by the National Conference of State Legislatures (NCSL) entitled, "Strengthening Legislative Capacity: A Study of the Hawaii Legislative Service Agencies", observed that while the Hawaii State Legislature has recognized the need for fiscal analysis, there continues to be a heavy reliance on borrowed staff and session-only staff.

The Office of the Legislative Auditor submitted comments in support of this measure. This office indicated that Hawaii is the only state that uses staff borrowed from executive agencies to support the work of its money committees.

Your Committee finds that while this practice was commonplace twenty or more years ago, today nearly all state legislatures have concluded that they can function independently only if they have their own capacity to review and analyze the budget, the State's economic condition, and tax policies.

The Office of the Legislative Auditor further testified that other states have established legislative fiscal analysis offices to review executive branch proposals and to appraise the performance of the executive branch in administering legislative enactments.

For example, the Legislative Analyst's Office of California has acquired a formidable reputation over the years for its professionalism, incisive analysis and reports, and importance to legislative decision-making. It produces an analysis of the Governor's budget annually, which is a detailed examination that includes recommendations on funding levels and recommendations for changes to laws relating to the various programs.

The Office of the Legislative Auditor expressed concerns that in most states, a legislative analyst reports to a joint committee that assembles and recommends the budget to the entire legislature. Since the bill, as received, proposed to establish both the commission on planning and fiscal policy and the legislative analyst, careful thought would have to be given to their roles and responsibilities, especially as the new entities related to the roles and responsibilities of the Senate Ways and Means Committee and the House Finance Committee.

To address these concerns, your Committee has amended this bill to incorporate a model for fiscal analysis used in other states undertaking substantive budget oversight. Twelve such states, including Arizona, California, Colorado, Idaho, Louisiana, Maine, Montana, Oregon, Texas, Utah, Vermont, and Wisconsin, have established a joint legislative budget committee approach which has proven very successful.

This bill has been amended by deleting reference to the legislative commission on planning and fiscal policy and by:

- (1) Establishing a Joint Legislative Budget Committee to ascertain facts and to make recommendations to the Legislature and both houses concerning the state budget; the revenues and expenditures of the State; the organization and functions of the State, its departments, subdivisions, and agencies; and other matters;
- (2) Providing that the Committee consist of seven members of the Senate and seven members of the House, including members of the Majority and Minority leaderships, the Chairperson of the House Finance Committee and the Chairperson of the Senate Ways and Means Committee;
- (3) Providing that the Chairperson of the House Finance Committee and the Chairperson of the Senate Ways and Means Committee serve as co-chairpersons of the Joint Legislative Budget Committee;
- (4) Specifying how vacancies in the Joint Legislative Budget Committee will be filled;

- (5) Authorizing the Joint Legislative Budget Committee to adopt rules;
- (6) Specifying that the Administrative Director of the Courts and the Administrator of the Office of Hawaiian Affairs cooperate with the Office of the Legislative Analyst;
- (7) Appropriating funds for the payment of salaries of technical and clerical employees as may be necessary; and
- (8) Making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 2338, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2338, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Apo.

SCRep. 886-90 Transportation on S.B. No. 2213

The purpose of this bill is to amend Section 266-27, Hawaii Revised Statutes, by prohibiting the mooring of vessels in a State harbor facility if the owner or captain of the vessel has been convicted of carrying illegal drugs on the vessel.

Your Committee received favorable testimony from the Department of Transportation.

Your Committee amended this bill by removing the exemption for common carriers, commercial vessels, and vessels carrying passengers for hire from the provisions of this section. Your Committee has further amended this bill by removing any reference to the owner or captain being convicted of carrying illegal drugs as a criteria for prohibiting a vessel to moor in a State harbor facility.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2213, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2213, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 887-90 Transportation on S.B. No. 3280

The purpose of this bill is to amend Section 437D, Hawaii Revised Statutes, by requiring rental motor vehicles to display a decal of Hawaii's seat belt and child passenger restraint laws, and the prohibitions against driving under the influence of intoxicating liquor. This bill further requires that the requirements and penalties of Hawaii's seat belt and child passenger restraint laws, and the prohibitions against and penalties for driving under the influence of intoxicating liquor be printed on a card which shall be placed in the glove compartment of every rental motor vehicle.

Your Committee received testimony from the Department of Transportation, the Department of Health, the Department of Commerce and Consumer Affairs, the Car and Truck Rental and Leasing Association.

Your Committee finds that motor vehicle rental companies have been having a difficult time reducing the information presently required by statute to a reasonable size. Your Committee further finds that a decal, instead of a permanently affixed notice, would suffice as long as the decal is displayed at all times.

Your Committee has amended this bill to eliminate the requirement for a card listing the penalties for violations of the seat belt and child restraint laws, and prohibitions against and penalties for driving under the influence of intoxicating liquor. Your Committee has further amended this bill by requiring that the decal be displayed in a conspicuous place at all times. Your Committee has made other technical, non-substantive amendments for the purposes of style and clarity.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3280, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3280, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 888-90 Transportation on S.B. No. 46

The purpose of this bill is to increase the maximum towing charges for vehicles left unattended on private and public property to \$35 a tow, and \$40 for a tow using a dolly.

Your Committee received favorable testimony from the Hawaii Automotive and Retail Gasoline Dealers Association and Trouble-Call Towing Service.

Your Committee finds that the current towing rates were set in 1976 and have remain unchanged despite rising operational and capital costs. Your Committee finds that the cost for labor, gasoline, tow trucks, and storage space have all increased tremendously since 1976.

Your Committee has amended this bill by increasing the fee rate to \$40 for each tow, and \$50 for each tow that requires the use of a dolly.

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

Signed by all members of the Committee.

SCRep. 889-90 Transportation on S.B. No. 1214

The purpose of this bill is to support the establishment of the Pacific Aerospace Museum by means of a grant and a loan of amounts yet to be determined.

Your Committee received testimony from the Department of Business and Economic Development, the Superintendent of Education, members, officers, and directors from the Pacific Aerospace Museum's Board of Directors, and various concerned citizens.

Your Committee finds that Hawaii is at the start of becoming a major player in the field of space technology. Your Committee further finds that given the current growth of Hawaii's role in the space industry, information should be made available for Hawaii's citizens in field of space technology. Moreover, your Committee finds that most importantly, our children should be drawn into and stimulated by the current and ever growing field of space technology, for they are the future of Hawaii. This Committee feels that the Pacific Aerospace Museum will offer Hawaii's children an opening to the world of space and high technology and encourage them to be a part of it.

Your Committee has made a technical, non-substantive amendment for the purpose of style and clarity.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1214, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1214, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 890-90 Transportation on S.B. No. 1721

The purpose of this bill is to amend various sections of Hawaii Revised Statutes relating to the assessment of points for the evaluation of a motor vehicle operator's driving record.

Your Committee received testimony on this measure from the Department of Transportation.

Your Committee finds that the purpose for the point assessment system on motor vehicle operators' driving records is to encourage driver accountability and to enhance traffic safety. Your Committee further finds that the current point values for traffic violations are sufficient for these purposes.

Your Committee has amended this bill as follows:

- (1) by leaving all point values for violations at their current levels;
- (2) by extending the time period which a judge can suspend a license for excessive point accumulation;
- (3) by extending the time period for which point accumulation is present on an operator's record;
- (4) by deleting all amendments to Section 287-3, Hawaii Revised Statutes.

Amendments were also added for purposes of style, clarity and consistency.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1721, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1721, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SCRep. 891-90 Transportation and Intergovernmental Relations and International Affairs on S.B. No. 3128
(Majority)**

The purpose of this bill is to allow the counties to levy a general excise and use tax for a period of ten years, beginning on January 1, 1991 and ending on December 31, 2000. The moneys collected from the additional tax may be utilized by the City and County of Honolulu to finance a fixed rail rapid transit system, and by the Counties of Hawaii, Kauai, and Maui for public transportation and park needs.

Your Committees received testimony from the Department of Transportation, the Department of Taxation, the City and County of Honolulu, the County Council of Hawaii, the Office of Housing and Community Development of the County of Hawaii, the County Council of Kauai, the Department of Finance of the County of Kauai, the Wahiawa Neighborhood Board, the Waipahu Neighborhood Board, the Tax Foundation, the AFL-CIO, Small Business Hawaii, Hawaii Food Industry Association, Institute of Real Estate Management, National Federation of Independent Business, Chamber of

Commerce, Honolulu Rapid Transit Coalition, Hawaii Business League, Maui Chamber of Commerce, Hawaii Association of Realtors, Honolulu Transit Corporation, and several concerned citizens.

Your Committees find that in addition to continuing with the State's highway construction and maintenance program, it is imperative that initiatives be continued to lessen the number of automobiles on our highways. Your Committees further find that mass transportation, or more specifically the transportation of individuals by bus or fixed rail rapid transit, is a very viable means of lessening the number of automobiles on our highways. Your Committees also find that capital costs for the development of an efficient bus or fixed rail rapid transit system may be substantial and agree that a reasonable distribution of financial responsibility between participating government and private parties is essential.

Your Committees find that the City and County of Honolulu is in the process of developing a fixed rail rapid transit system for Oahu. Your Committees further find that the City will be unable to absorb the estimated 1.4 billion dollars required to build such a system and that assistance from state, federal, and private sector sources is imperative. Your Committees further find that the City's fixed rail rapid transit project appears eligible to receive assistance from the federal government for approximately 30% of the total construction cost. Your Committees also find that federal funding may not be authorized unless a confirmed, dedicated source of funding is established.

Your Committees find that various entities interested in building a fixed rail rapid transit system in Honolulu have indicated that they are willing to absorb 100% of the construction cost to build such a system in return for various development rights and concessions. Your Committees further find that in order to adequately compensate such an entity for their 1.4 billion dollar outlay for the construction of a fixed rail rapid transit system, the development rights and concessions requested may not be conducive to the State or to the City and County of Honolulu. Your Committees also find, however, that should a private entity be asked to absorb a lesser portion of the total construction cost, that a reasonable compromise may be attained.

Your Committees find that several neighbor island counties presently have bus systems in operation and are in need of financial assistance to expand their systems by purchasing new buses. Your Committees also find that private sector entities such as the visitor accommodation industry, who are currently experiencing problems in retaining a sufficient number of employees, may be willing to contribute towards the enhancement of existing bus systems, or the creation of a new bus system.

Your Committees find that S.B. No. 1719 S.D. 1, H.D. 1, creates a State Transit Capital Development Fund to assist the counties with capital costs involved in the development of mass transportation. Your Committees further find that this bill allows any county to request use of moneys in this fund for capital and construction costs to develop mass transportation. Your Committees further find that prior to attaining use of these funds, this bill requires a county to enter into a development agreement with the governor subject to the disapproval of the legislature, and provide a dollar for dollar match from county or private sources. Your Committees further find that this bill expressly prohibits the use of federal dollars for the purposes of satisfying this matching requirement.

Your Committees find that the State Transit Capital Development Fund is a very viable method in which to assist the City and County of Honolulu in the development of a fixed rail rapid transit system and to assist the neighbor island counties in the enhancement of their present bus transportation networks, and the creation of new bus transportation systems. Your Committees find that the City and County of Honolulu will have an opportunity under the provisions of the State Transit Capital Development Fund to finance the construction of a fixed rail rapid transit system with 35% of the cost coming from state dollars, 30% coming from federal dollars, and 35% of the cost from private sector dollars. Your Committees further find that this financing plan is premised upon the development of a fixed rail rapid transit system for Honolulu without increasing the tax burden on the residents of Hawaii.

Your Committees find, however, that in order to determine the amount in which a private sector entity interested in developing a fixed rail rapid transit system is willing to absorb and the nature of the concession requested by this entity from local government in order for this entity to absorb a portion of the construction cost will not be known until formal proposals are sought. Your Committees also find that a sound financial plan is desirable before initiating a request for formal proposals. Your Committees further find that it will be of great benefit if the City possesses, when refining bids received for the development of a fixed rail rapid transit system through negotiation, the leverage and authority to bargain with these private sector entities. Your Committees further find that the City should have the flexibility to select the type of system that is best suited for Oahu. In the event that the entity proposing what is determined to be the "best system" for Oahu is unwilling to absorb a portion of the cost in return for various governmental concessions, or if the offering from this entity is not sufficient to meet the matching requirement of the State Transit Capital Development Fund, your Committees feel that the City should have the flexibility to raise funds necessary at the local level to satisfy the requirements of the State Transit Capital Development Fund.

Your Committees have amended the bill as follows:

- (1) Authorize the Counties to levy a general excise and use tax beginning on January 1, 1993 and ending on December 31, 1997. Your Committees have not specified the percentage amount of the general excise tax that the counties would be authorized to levy, to allow for more discussion.
- (2) Mandate that the City and County of Honolulu can only use revenues realized from the imposition of this tax to meet the county/private sector matching requirement for the State Transit Capital Development Fund for the development of a fixed rail rapid transit system should private source revenues be insufficient.
- (3) Mandate that a development agreement between the City and County of Honolulu and the State for the development of a fixed rail rapid transit system be signed by November 15, 1991, and that this agreement be submitted to the legislature by December 1, 1991.

- (4) Authorize the legislature to disapprove the development agreement by concurrent resolution during the 1992 regular session.
- (5) Include miscellaneous modifications to address the filing of short period annual returns, capital goods excise tax and other changes for the purpose of clarity.

Your Committees on Transportation and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 3128, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3128, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 892-90 Housing on S.B. No. 3150

The purpose of this bill is to allow the Hawaii Housing Authority (HHA), with the approval of the Governor, to disregard submitted bids on a project if all such bids exceed the allocated funding for the project, and to negotiate with other entities to facilitate the completion of the project within the prescribed budgetary limits.

In 1987, an exemption from state bid requirements was transferred from the HHA to the newly created Housing Finance and Development Corporation without the delegation of a similar provision to the recently reorganized HHA. Under current statutes, the HHA is required to resolicit bids from the public in the event that submitted bids exceed the allocated budgets.

Your Committee heard supporting testimony from the Hawaii Housing Authority and finds that this bill is necessary to expedite and reduce the costs of the development of low-income housing in the State.

Your Committee understands that the scope of any contract negotiated with a non-bidder would be the same as that for which bids were originally requested.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 3150, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 893-90 Housing on S.B. No. 3093 (Majority)

The purpose of the bill is to increase the sum of moneys that can be advanced from the general fund to the Homes Revolving Fund administered by the Housing Finance and Development Corporation (HFDC).

The bill also authorizes the HFDC to use moneys on deposit in the Homes Revolving Fund as equity capital for HFDC's rental housing system.

Current law allows the Director of Finance, with the approval of the Governor, to advance \$120,000,000 from moneys in the general fund to the Homes Revolving Fund.

When the Homes Revolving Fund was established in 1988, the HFDC anticipated developing one major planned community at a time, with some overlap in development timetables. However, because of the acute housing shortage, HFDC has been working at an accelerated pace. In order to meet its goal of producing 20,000 housing units by the year 2000, additional funds are needed. By speeding up the development of its projects, the repayment of money to the State general fund would also be advanced.

Testimony in support of this bill was submitted by the Department of Budget and Finance and the Office of Housing and Community Development of the County of Hawaii. The Tax Foundation opposed the measure.

Concerns were expressed that moneys have not been returned into the revolving fund since its inception. However, HFDC assured your Committee that it expects to start returning moneys to the fund by 1995-1996. HFDC explained that it takes eighteen months for a return of outlay and that the first homes will be sold this summer.

HFDC also noted that with the acute shortage of rental units, \$10 million of the requested amount is needed as equity capital for HFDC's Rental Housing System. HFDC expects to produce another 6,000 rental units by the year 2,000.

Your Committee recognizes that HFDC projects must continue to supply needed housing and that the sooner new housing is added to the State housing supply, the sooner the escalation of housing prices will diminish. Your Committee has left the amount to be appropriated from the general fund at \$50,000,000 and amended the amount to be advanced to \$170,000,000.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 3093, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3093, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives M. Ige and Peters.
(Representatives Amaral, Arakaki, Tam and Liu did not concur.)

SCRep. 894-90 Housing and Human Services on S.B. No. 2769

The purpose of this bill is to allow the Housing and Finance Development Corporation to sell, lease, or rent dwelling units or improved lots to governmental entities and nonprofit organizations to facilitate the provision of group housing, congregate living facilities, and employee housing.

Your Committees received supporting testimony from the Housing and Finance Development Corporation (HFDC), the Hawaii Housing Authority, the Commission on Persons with Disabilities, the Department of Health, the Affordable Housing Alliance, the Institute for Affordable Housing, and the Pacific Housing Assistance Corporation.

The HFDC indicated that current statutory language appears to prohibit the HFDC from selling, leasing, or renting a dwelling unit or improved lot to an entity other than a "qualified resident". This bill clarifies that government agencies and non-profit organizations, in addition to qualified residents, may purchase, lease, or rent units from the HFDC. This clarification will facilitate the development of housing opportunities for special needs populations, including group homes, congregate living facilities, and employee housing.

Your Committees on Housing and Human Services are in accord with the intent and purpose of S.B. No. 2769, S.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative M. Ige.

SCRep. 895-90 Housing and Human Services on S.B. No. 3096

The purpose of this bill is to transfer responsibility for managing, operating, and maintaining housing complexes for elders from the Housing Finance and Development Corporation (HFDC) to the Hawaii Housing Authority, with HFDC retaining authority for planning, developing, and rehabilitating projects for elders.

Testimony in support of this measure was submitted by the Department of Budget and Finance, the Hawaii Housing Authority, the Makua Alii Tenants Association, the Kalakaua Mid-rise Tenant Association, and the Founders' Group of Kokua Council for Senior Citizens.

Testimony in opposition of this measure was submitted by the Commission on Persons with Disabilities because it would exclude from elderly housing persons who are disabled and who have not yet attained the age of sixty-two. Your Committees have noted that this exclusion from the measure would only apply to elderly housing that is entirely funded by the State.

Your Committees have amended this measure by clarifying that the Hawaii Housing Authority shall accept only persons who are elders as residents in housing complexes for the elderly.

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

Your Committees on Housing and Human Services are in accord with the intent and purpose of S.B. No. 3096, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3096, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative M. Ige.

SCRep. 896-90 Housing and Health on S.B. No. 2560

The purpose of this bill is to establish a housing alteration revolving loan fund for persons with physical disabilities. The revolving loan fund would be administered by the Housing Finance and Development Corporation (HFDC) and would be used to provide low-interest loans to physically disabled persons for the purpose of making design alterations to their residences to accommodate their physical disabilities.

Presently, a federally-funded loan program for retrofitting homes is available and administered by the City and County of Honolulu and the County of Kauai. The proposed state-funded loan program would cover physically disabled persons throughout the State.

Your Committees heard testimony supporting this bill from HFDC, the Department of Health, the State Planning Council on Developmental Disabilities, the Commission on Persons with Disabilities, the Affordable Housing Alliance, and the Hawaii Centers for Independent Living.

HFDC recommended that the funds for this program be deposited into the Housing Finance Revolving Fund instead of the proposed Housing Alteration Revolving Loan Fund. It also indicated that \$20,000 to \$25,000 may be a more appropriate loan amount than \$15,000.

Your Committees find that the bill will assist physically disabled persons to live independently in their own homes rather than in institutional settings. This program also allows greater flexibility than the federally-funded programs.

Additionally, your Committees find that while the HFDC needs to conduct further assessment of the extent of the target population's needs, an initial appropriation of \$300,000 is appropriate to get the proposed program started.

Upon further consideration, your Committees have amended the bill by:

- (1) Deleting the language in Section 1 that would create the Housing Alteration Revolving Loan Fund in Chapter 201E;
- (2) Adding a new findings and purpose section;
- (3) Establishing the loan program that would provide low interest loans up to \$25,000 to persons with disabilities for design alterations to residential units;
- (4) Re-phrasing the language that directs HFDC to adopt rules to administer the program;
- (5) Increasing the appropriation from \$1 to \$300,000, and specifying that funds be deposited into the Housing Finance Revolving Fund;
- (6) Establishing terms and conditions for HFDC to administer the program; and
- (7) Making technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committees on Housing and Health are in accord with the intent and purpose of S.B. No. 2560, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2560, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative M. Ige.

SCRep. 897-90 Higher Education and the Arts on S.B. No. 3142

The purpose of this bill is to create a program that will motivate youngsters from the minority groups that are consistently underrepresented at the University of Hawaii to complete high school and continue their education at the various University of Hawaii college campuses. This program will provide academic preparation and college awareness activities beginning at the elementary school level as well as financial support when the youngsters are ready to enter college.

Your Committee heard testimony in favor of the bill from the President of the University of Hawaii and the Superintendent of Education.

In order to preserve the fund corpus in perpetuity as of June 30, 2000, your Committee has amended this bill by:

- (1) Deleting the provision that restricts the University from using no more than 10 percent of the principal deposited in the HOPE special fund for scholarships in any fiscal year;
- (2) Adding the provision allowing only earnings from the investment of the principal and income on deposit in the HOPE special fund received after June 30, 2000, to be available for appropriations; and
- (3) Adding the provision that the total sum appropriated for scholarship awards for any fiscal year shall not exceed 10 percent of the amount deposited in the HOPE special fund on June 30, 2000.

Your Committee has further amended the bill by placing the emphasis on those being awarded scholarships to financially needy students, with priority given to students from underrepresented ethnic groups at the University.

Your Committee has also amended the bill by setting the amount of tuition to be collected for the HOPE program to \$4,000,000. In addition, the University will also be asked to allow for private participation in the program.

Because the Department of Education is being asked to allocate some of its funds for the tracking of the students at the elementary age who will utilize the scholarships, your Committee also feels that a clause stating the Department's responsibility also be included in the bill.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 3142, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3142, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Apo and Hemmings.

SCRep. 898-90 Higher Education and the Arts on S.B. No. 2978

This bill establishes a commission for the quincentennial celebration of the arrival of Christopher Columbus to the New World.

Your Committee heard testimony in favor of this bill, including testimony from the Hawaii Committee for the Humanities. However, the Hawaii Committee for the Humanities suggested style and language changes to this bill, which your Committee has taken into account and made within the bill.

Your Committee has also inserted \$200,000 as the appropriated amount.

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

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2978, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2978, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Apo, Bunda, Tam and Hemmings.

SCRep. 899-90 Higher Education and the Arts on S.B. No. 2695 (Majority)

The purpose of this bill is to authorize the Hawaii Public Broadcasting Authority to create temporary positions exempt from civil service and compensation laws, funded through the Hawaii Public Broadcasting Revolving Fund.

Your Committee finds that in the last two years, the Hawaii Public Broadcasting Authority has become a major producer of public television programs for broadcast to local, national, and international audiences. The work load associated with producing these programs often exceeds the capabilities of the Authority's limited permanent staff. In order for the Authority to continue its mission, it must be granted the power to hire temporary workers.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2695, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Apo, Bunda, Lee, Hemmings and O'Kieffe.
(Representative Tam did not concur.)

SCRep. 900-90 Higher Education and the Arts and Ocean and Marine Resources on S.B. No. 3414

The purpose of this bill is to appropriate money for the Hawaii Undersea Research Laboratory of the University of Hawaii to purchase:

- (1) A conduction cable to allow the use of remotely-operated vehicles on the ocean floor;
- (2) A long baseline navigation system; and
- (3) A heavy, remotely operated vehicle to be used for scientific, rescue, and recovery operations.

Your Committee received testimony in favor of the bill from the University of Hawaii, Makai Ocean Engineering, Inc., and Dillingham Construction Pacific.

The State of Hawaii now has a 200-mile Exclusive Economic Zone stretching over 1,600 miles in length from the Island of Hawaii to Kure Atoll. In order to fully occupy this area and indicate management competence, it is necessary for the State to know what it has, what is a resource, and where the sensitive areas are. The only way to do this is with solid, state of the art investigations such as can be provided by submersibles and remotely operated vehicles.

One of the most promising new technologies for rapidly investigating fisheries resources on seamounts is the remotely operated vehicle, which will allow initial investigations over a much wider area at a fraction of the cost of a manned submersible expedition. A conducting cable of sufficient capability to operate the remotely operated vehicle is also needed to fulfill the State's needs.

In order to know exactly where a given feature is, or to construct a detailed map, the ability to position the submersible within a few feet of the ocean floor is needed. To provide this ability, an advanced ocean floor navigation system must be purchased.

The submersible will be used only for mapping, sampling, and gathering at the ocean floor.

Your Committees on Higher Education and the Arts and Ocean and Marine Resources are in accord with the intent and purpose of S.B. No. 3414, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Apo, Fukunaga and Hemmings.

SCRep. 901-90 Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs on S.B. No. 2674

The purpose of this bill, as received by your Committees, is to facilitate the ability of the State and counties to form a comprehensive methodology in which to implement resource recovery and environmentally sound management of solid waste. The bill replaces the current chapter in the Hawaii Revised Statutes on solid waste with a complex chapter which delineates the respective functions of the State and counties in achieving the dual goals of source reduction and resource recovery of the solid waste stream. The bill establishes a new branch of the Department of Health to administer the solid waste program and appropriates \$1,000,000 to implement the program.

Your Committees received testimony from the Department of Health, City and County of Honolulu, County of Hawaii Public Works, County of Kauai Public Works, the Environmental Center, Universal Synergetics, the League of Women Voters, the Maui Recycling Group, the Hawaii Democratic Movement, the Council for Solid Waste Solutions, and the Recycling Association. While testimony generally concurred with the intent, there was reservation expressed on the complexity of the measure and numerous revisions were suggested. Your Committees found the measure to be overly

bureaucratic and, while modeled after possibly effective California legislation, not entirely appropriate for Hawaii. Your Committees further found that the measure could adversely affect existing county efforts to establish source reduction and resource recovery methods and, rather than enhance the ability of the counties to establish recycling methodology, the measure may inadvertently place undue restrictions on county waste management programs.

Accordingly, your Committees have substantially re-drafted this measure to better fulfill the goals and purpose and to stimulate the county efforts in achieving source reduction and resource recovery. Essentially, this measure is an attempt at integrated solid waste management, which is a prioritizing of waste management procedures.

The measure directs the counties to establish countywide integrated waste management plans that include a source reduction and recycling element able to address the specialized needs of each county, and that is conceived as a result of meaningful public and private participation in hearings and other forums. Formulation of these plans will be assisted by the Department of Health and will contain a summary of significant waste management problems facing each county and shall identify the need for state assistance in meeting the objectives of the Act. Furthermore, each county source reduction and recycling element shall include an implementation schedule which shows to the extent feasible how the county will divert the solid waste stream through source reduction, recycling, and composting activities.

This measure amends §342H-35, HRS, by adding a provision which enables the Department of Health to develop and implement a household hazardous waste public information program.

Your Committee has determined that household hazardous substance recycling as embodied in H.B.2447, H.D. 1, is an essential method of keeping materials in the solid waste stream from entering landfills, and therefore was combined with this measure.

The appropriation has been reduced to \$600,000 and is to provide the counties with \$500,000 of grants to implement the goals of this act, and to provide the Department of Health with \$100,000 for the household hazardous waste public information program.

Your Committees on Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 2674, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2674, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Apo, Bellinger, Bunda and Hemmings.

SCRep. 902-90 Planning, Energy and Environmental Protection and Economic Development and Hawaiian Affairs on S.B. No. 2212

The purpose of this bill, as received by your Committees, is to amend §182-7, HRS, by adding the provision that twenty per cent of all mineral royalties shall be paid to the office of Hawaiian affairs, and that twenty per cent of all geothermal royalties be paid to the county in which mining covered under a state geothermal resource mining lease are situated. This measure also amended §182-18, HRS, by waiving up to fifty per cent of royalty payments to the State for up to twelve years, along with allocating any net revenues from the sale of steam from the Hawaii geothermal project well to the Hawaii county community assistance fund and providing the office of Hawaiian affairs with twenty per cent of the proceeds of the sale of the steam.

Your Committees received numerous testimonies from environmental organizations urging that the measure be held, while representatives of labor and business favored passage. Testimony from the Office of Hawaiian Affairs indicated that clarification of OHA revenues is unnecessary and indicated opposition to the measure. Also, your Committees are aware that the State Budget Bill contains an allocation of \$250,000 for the community assistance fund, and therefore deleted the amendments to §182-7 and §182-18 accordingly.

Your Committees determined that it would be prudent to have royalty payments be subject to the disapproval of the Legislature by a two-thirds vote, and added this provision to §182-18.

Your Committees on Planning, Energy and Environmental Protection and Economic Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 2212, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2212, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Apo.

SCRep. 903-90 Planning, Energy and Environmental Protection and Water and Land Use on S.B. No. 3229

The purpose of this bill is to require the Office of State Planning to conduct periodic studies on population impacts in light of projected increases in both resident and visitor populations. It also requires the Office of State Planning to submit a report to the Legislature on the need for additional data collection.

This measure also exempts all development in the Kakaako waterfront area from county special management area permits and shoreline setback variances, and makes the Office of State Planning responsible for review and approval.

Your Committees received testimony from the Office of State Planning, the Hawaii Community Development Authority, the Department of Land Utilization, City and County of Honolulu, and the Life of the Land.

The Department of Land Utilization, City and County of Honolulu, objected to the section of the bill regarding the development of the Kakaako waterfront area. The Department noted that this section would undermine and disrupt well-established planning procedures for review of shoreline development, and does not comply with the State's federally-approved Coastal Zone Management Program. The Department could find no overriding public purpose justifying the abrogation of county home rule authority in this situation.

Accordingly, your Committees have amended this bill by deleting the section exempting the Kakaako waterfront area from permit and variance requirements and placing the responsibility of review and approval solely with the Office of State Planning.

Other technical and nonsubstantive amendments have also been made for the purposes of style and clarity.

Your Committees on Planning, Energy and Environmental Protection and Water and Land Use are in accord with the intent and purpose of S.B. No. 3229, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3229, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Apo.

SCRep. 904-90 Economic Development and Hawaiian Affairs; Intergovernmental Relations and International Affairs; and Water and Land Use on S.B. No. 3247

The purpose of this bill is to: (1) appropriate funds to the Department of Transportation (DOT) for the relocation costs and other reasonable expenses of lessees displaced by the acquisition of land necessary for airport expansion; and (2) provide persons displaced by government acquisition of private land through condemnation first right of refusal for leases in designated industrial parks.

The immediate situation this bill addresses is the need for the Department of Transportation (DOT) to acquire land adjacent to Honolulu International Airport for expansion of the airport. This plan, which has already been announced, has created difficulties for the businesses located on the parcel to be acquired.

In consideration of testimony from the DOT and affected businesses, your Committees have amended the bill by:

- (1) Replacing the \$2 general fund appropriation for relocation expenses with a \$125,000,000 appropriation from the airport special fund for land acquisition and relocation costs for dislocated lessees;
- (2) Amending the purpose clause to more accurately reflect the intent of the bill;
- (3) Allowing the DOT to enter into direct negotiations with dislocated lessees for relocation in an industrial park or on other State land designated as an appropriate relocation site; and
- (4) Allowing the DOT to provide relocation assistance to persons displaced by acquisition of land for airport purposes.

Your Committees on Economic Development and Hawaiian Affairs and Intergovernmental Relations and International Affairs and Water and Land Use are in accord with the intent and purpose of S.B. No. 3247, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3247, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Apo, Baker, Bellinger, Bunda, Isbell, Lee, Oshiro, Say, Souki, Yonamine, Hemmings and Marumoto.

SCRep. 905-90 Economic Development and Hawaiian Affairs on S.B. No. 2275

The purpose of this bill is to appropriate funds to increase the salaries of the Office of Hawaiian Affairs officers and employees.

Act 197, Session Laws of Hawaii 1989, appropriated funds to provide salary increases for all state employees who were excluded from the collective bargaining process. Unfortunately the Act inadvertently omitted the officers and employees for the Office of Hawaiian Affairs. This bill rectifies this omission by appropriating \$67,176 for fiscal year 1990-1991 to provide these increases. The sum appropriated shall be expended by the Office of Hawaiian Affairs.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2275, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Apo.

SCRep. 906-90 Economic Development and Hawaiian Affairs on S.B. No. 3088

The purpose of this bill is to establish a Hawaii Community-Based Enterprise Development Loan and Grant Program within the Department of Business and Economic Development (DBED) to assist traditional and small-scale enterprises. Such enterprises encourage economic and social self-sufficiency in communities and provide more diverse opportunities for residents. The bill also establishes a revolving fund to support the Program and an advisory council to oversee the actions of the Program.

Your Committee has amended this bill to incorporate features of a similar measure passed by the House, including:

- (1) Requiring the DBED to establish guidelines to determine when to award grants versus loans prior to the expenditure of any funds;
- (2) Providing that appropriations for the fund shall be used only for the purpose of making loans except when funds are specifically authorized for grants;
- (3) Deleting "enterprise" from the Program title and adding "business and" before references to "enterprise" throughout the bill; and
- (4) Requiring an annual report on the Program.

In addition, this bill was amended to make cooperative associations eligible for assistance under this Program.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3088, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3088, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Apo.

SCRep. 907-90 Economic Development and Hawaiian Affairs on S.B. No. 3492

The purpose of this bill as received by your Committee is to establish the Hawaii Strategic Development Corporation to encourage the development of high technology industries and to diversify the economy.

The bill would earmark a percentage of general excise tax revenues to be deposited into a fund to support the activities of the Corporation.

Your Committee received testimony in support of the intent of this bill from the Department of Business and Economic Development, the Department of Budget and Finance, and the Department of Taxation.

In response to concerns raised by testifiers concerning aspects of this bill, your Committee has amended the bill by deleting its substance and inserting the body of H.B. No. 2290, H.D. 2. H.B. No. 2290, H.D. 2, is substantially the same bill as S.B. 3492, S.D. 1, but was amended in the House to address the technical concerns raised by the above-mentioned State departments. Your Committee has also made technical amendments to sections -6 and -12 of Section 2 of the bill to clarify the nature of the revolving fund and to allow the Corporation to impose restrictions on recipients of assistance.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 3492, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3492, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Apo.

SCRep. 908-90 Economic Development and Hawaiian Affairs on S.B. No. 973

The purpose of this bill is to clarify and increase the effectiveness of the budgeting process of the Office of Hawaiian Affairs (OHA). The bill requires OHA to prepare and submit a budget, six-year program and financial plan, and a variance report to the Legislature each year. It also requires OHA to provide an accounting of its expenditures and results to its beneficiaries and to provide the beneficiaries opportunity to participate in the preparation of OHA's budgets.

The Office of Hawaiian Affairs submitted testimony in support of this measure.

Your Committee has amended this bill to require OHA to provide the Legislature an annual accounting of its expenditures and to provide a report to the Legislature in 1990 and 1991 on the progress made in improving the management of OHA and on the effectiveness of its programs.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 973, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 973, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Apo, Bellinger, Bunda, Isbell, Lee, Say and Hemmings.

SCRep. 909-90 Economic Development and Hawaiian Affairs on S.B. No. 2220

The purpose of this bill is to amend Chapter 269, Hawaii Revised Statutes, by adding a new section which provides the Public Utilities Commission with the flexibility to regulate competition among telecommunications providers when the Commission feels it is in the public's best interest.

Your Committee finds that this bill will expedite the Public Utilities Commission's introduction of new telecommunications services by removing any unnecessary regulatory barriers that may slow the decision making process. This bill is identical to H.B. 2450, H.D. 1.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2220, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Apo, Bellinger, Bunda, Isbell, Lee, Say and Hemmings.

SCRep. 910-90 Consumer Protection and Commerce and Judiciary on S.B. No. 3464

The purpose of this bill is to appropriate funds to enable the Legislature to obtain important information relating to the markets for automobile replacement parts, liquid fuels, especially gasoline, and building supplies through the construction of economic models. The bill also amends section 480-18, Hawaii Revised Statutes, to expand the investigatory authority of the Attorney General as to investigations conducted on monopolies and other unfair methods of compensation.

Your Committee heard testimony in support of this bill from the Department of Commerce and Consumer Affairs (DCCA), the Attorney General's Office (AG), the Hawaii Insurers Council (HIC) and the Executive Director of the Hawaii Automotive and Retail Gasoline Dealers Association (HARGDA) and Automotive Body and Painting Association of Hawaii (ABPAH).

The DCCA requested that the funding level be set high enough so that a meaningful study can be done.

The HIC focused primarily on their concern in the automobile replacement parts market.

The HARGDA and ABPAH are concerned that any subpoena action taken by the AG in gathering documentary evidence will be costly to their members. They recommend that funding be set at a level to allow their members to recoup the full cost of any document production required.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 3464, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 911-90 Consumer Protection and Commerce on S.B. No. 3287

The purpose of this bill is to extend the statutory authorization to issue special purpose revenue bonds under chapter 39A, Hawaii Revised Statutes, from December 31, 1991 to December 31, 1995, and to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$119,000,000 for capital improvement projects relating to furnishing electric energy to the general public.

Your Committee amends S.B. No. 3287, S.D. 1, by replacing the language in this bill with the language in the companion bill, H.B. No. 2787, H.D. 2, because the language in the companion bill was clearer and was in the proper technical form. Your Committee further amends this bill to clarify that the bonds can be used for any aspect of the multi-project capital improvement program.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3287, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3287, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 912-90 Consumer Protection and Commerce on S.B. No. 2439

The purpose of this bill is to repeal the general excise tax exemption for financial institutions provided by section 237-23, Hawaii Revised Statutes, and to incorporate the repealed section into section 237-24. The bill also proposes to amend section 241-2 and 241-4 to impose the franchise tax on state and national banks located and doing business in Hawaii, to eliminate the exemption from other taxes, and to replace the 11.7 per cent tax rate with the lower corporate tax rate adjusted by the exclusion of gross income derived from property owned, from trade or business carried on, and from other sources outside the State; the exclusion of 50 per cent of capital gain; and the deduction of federal income tax imposed on Hawaii income.

Currently, banks have been treated differently under Hawaii tax law because of requirements that were once imposed by federal law. However, the relevant federal law has been repealed since 1976. Banks are subject to the franchise tax rather than the corporate income tax, because it is only through the device of a franchise tax that the state is able to tax interest from federal obligations, which make up a significant portion of a bank's assets. Banks, savings and loan associations, and insurance companies are the only taxpayers to enjoy complete exemption from the general excise tax no matter what the nature and source of their income.

Your Committee heard testimony in favor of this bill from the Tax Review Commission (Commission). The Commission testified that this bill would correct inequities and inefficiencies in the general excise tax law under chapter

237, update and streamline the franchise tax on financial institutions under chapter 241, and position the tax system for the future. The Commission stated that banks should no longer have an unqualified exemption from the general excise tax and instead bank exemptions should be considered on an item-by-item basis. Further, the discussion of what items may be exempted should not center around the difference between "banking" and "nonbanking" income.

The Department of Taxation (Department) testified that it was not opposed to the bill. The Department noted that the franchise tax law is due for revision.

Your Committee also received testimony from the Tax Foundation of Hawaii (Foundation). The Foundation noted that only banks and building and loan associations are granted blanket exemptions, but that exemptions for other financial institutions are specifically limited to certain types of income. Therefore, the way financial institutions would be taxed would be similar to that of corporations, thereby eliminating the deduction of federal income taxes and the treatment of capital gains tax would conform to corporate tax treatment.

The Hawaii Bankers Association (HBA) and the Hawaii League of Savings Institutions (HSLI) testified in opposition to this bill. The HBA and the HSLI stated that more time was needed to study this issue. They recognized that the tax law as it relates to the financial institutions need to be revised. They expressed concerns that the area of bank taxation is complex, and any changes in the structure of taxing financial institutions must be carefully considered. Further, the HBA believed that the proposed change to the franchise tax law conflicted with the three factor formula in the Multistate Tax Compact.

Your Committee notes that the laws relating to taxation of banking have not been changed since the repeal of the relevant federal law and that the banking industry has changed since the enactment of the original tax law.

Upon further consideration and discussion, your Committee has amended this bill to incorporate some of the provisions proposed by the above mentioned parties, which addresses the concerns voiced by the financial institution groups. Therefore, this bill has been amended in the following manner:

- (1) Delete paragraph (26), page 16, line 19-21, and substitute an item-by-item exemption list. This amendment would not affect these corporations (as enumerated) which already have specific exemptions from the general excise tax law.
- (2) Delete paragraph (27), page 16, line 22, because it is unnecessary since financial services loan companies are exempted in new paragraph (26).
- (3) Add a phrase, page 20, line 5, to include capital gains rate which was inadvertently excluded from the original draft.
- (4) Delete paragraph (2), page 20, line 18, to update the franchise tax law by eliminating some of the differences between the franchise tax and corporate income tax.
- (5) Add a phrase, page 45, line 8, to make it clear that the imposition of the general excise tax is prospective and would apply to renewals. The intent of this amendment is not to interfere with executory contracts.
- (6) Add a new paragraph to section 241-5 (Returns; payment of tax) to address the concern of filing a consolidated tax return, with the approval of the director of taxation, with the financial institution's nonfinancial parent or subsidiary in the same manner currently permitted for corporate income taxpayers.
- (7) Add new language to section 235-92 (Returns, who shall make) to cross reference the the new paragraph in section 241-5 for consistency.
- (8) Made technical, nonsubstantive changes for purposes of style and clarity.

Consequently, your Committee believes that these amendments will clarify and eliminate the inequity and inconsistencies present in the taxation of financial institutions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2439, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2439, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 913-90

Consumer Protection and Commerce on S.B. No. 3117

The purpose of this bill is to amend section 237-23, Hawaii Revised Statutes, to clarify that an exemption from general excise taxes is granted to financial corporations.

The Department of Taxation (Department) requested the passage of this bill to eliminate ambiguities that exist in the statutes with respect to the exemption of financial corporations from the payment of general excise taxes.

The Department explained that currently the franchise tax law (chapter 241) provides that a financial corporation is subject to the franchise tax imposed by section 241-3 if it is exempted from the income tax law (chapter 235) or the general excise tax law (chapter 237), or both. As amended in 1987, section 235-9 specifically exempts financial corporations; therefore, if a corporation qualifies as a financial corporation, it will be taxable under the franchise tax law (chapter 241).

Although every entity under chapter 241 is exempt from the payment of the net income tax, not every entity taxed under chapter 241 is completely exempt from the general excise tax imposed by chapter 237 (eg. a financial corporation which engages in both mortgage lending and mortgage brokering would not by law be exempt from general excise taxes). Under chapter 241, certain entities whose activities include banking type activities are taxed only on net income and are not subject to the general excise tax. Chapter 237, however, does not contain a provision which clearly defines this intent for financial corporations.

The proposed amendment specifies that financial corporations taxable under chapter 241 are exempt from general excise taxes and that this exemption applies "only to interest, discount points, loan fees, loan origination charges, and finance charges which are part of the computed annual percentage rate of interest and which are contracted and received for the use of money."

The Department of Business and Economic Development (DBED) testified in favor of this bill noting that it was desirable as an incentive to attract various financial services institutions to Hawaii to further diversify the State's economy.

The Economic Development Corporation of Honolulu (EDCH) suggested a further amendment to the bill to extend the excise tax exemption to interbank brokers to make Hawaii a viable alternative for interbank brokers such as those in Hong Kong who wish to relocate because of the uncertainties of Hong Kong's political future (Note: Interbank brokers arrange loans and other financial transactions between financial institution throughout the world for a fee). EDCH indicated that such brokers have shown an interest in Hawaii because of its attractive location between the United States and Asia but that Hawaii would not be economically viable for them if they were subject to the general excise tax which they would not be subject to elsewhere. EDCH hopes that if the interbank brokers were exempted from the general excise tax and did locate in Hawaii, that other related operations would follow. EDCH noted that the Department of Taxation and the Tax Foundation of Hawaii (Tax Foundation) agreed with the form and substance of its proposed additional amendment.

The Tax Foundation also suggested that the amendments proposed in S.B. 3117, S.D. 2 would be more appropriate in section 237-24 rather than in section 237-23.

Your Committee has amended this bill to include an exemption for interbank brokers. The terms used to define this scope of the interbank exemption are taken from Article 3 of the Uniform Commercial code, Hawaii Revised Statutes 490:3-101 et seq., Barron's Finance and Investment Handbook (1987), and the Handbook of Financial Markets edited by Frank J. Fabozzi and Frank G. Zarb (1981). Several terms which may not be commonly understood are the following:

"Interest rate swaps" involve bonds or other financial instruments in which the interest and principal obligations have been separated or "stripped." The interest rate obligation is then swapped with some other investor. For example, one bank might purchase Swiss government bonds with a fixed, but relatively low, rate of interest. Another bank might have corporate bonds in its portfolio which have a higher, but fluctuating, rate of interest. If each desired the interest rates that the other had, they could swap the rates while retaining the principal portion of their respective bonds.

A "forward rate agreement" is the purchase or sale of a financial instrument at the current or spot price, with delivery and settlement at a specified future date. Because it is a completed contract, a forward contract is often used as a cover for the sale of a futures contract. Forward contracts are similar to futures contracts, but are not standardized (units covered, delivery dates, etc.) or traded on organized exchanges.

An "interest rate futures contract" is an agreement to buy or sell a financial instrument (usually treasury bills) at a particular price in a stipulated future month. They are used as hedging devices to protect against fluctuations in interest rates. In contrast to forward contracts, futures contracts are standardized and trade on organized exchanges.

Your Committee also understands that interbank brokers are largely unregulated in other jurisdictions. However, in order to establish a record of their activities, it is recommended that interbank brokers seek a no-objection letter from the Commissioner of Financial Institutions in order to register as a foreign corporation. The no-objection letter would be approved if the Commissioner finds that the interbank broker will not engage in activities associated with financial institutions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3117, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3117, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 914-90

Consumer Protection and Commerce on S.B. No. 3121

The purpose of this bill is to make persons or corporate officers liable for taxes if they wilfully fail to collect, account for, and pay to the state income taxes withheld on trust by employers.

Your Committee heard testimony in favor of this bill from the Department of Taxation (Department) and the Tax Foundation of Hawaii (Foundation). The Department stated the bill would provide a means to hold persons other than corporate officers liable for wilfully failing to collect account for, and pay to the state income taxes withheld by employers.

The Department pointed out that under current law, officers are held liable for failure to perform these duties. However, it is not uncommon for some corporate employees' who are not corporate officers to be delegated the responsibility for collecting, and reporting the employees' taxes withheld to the state.

The Foundation testified that the bill would amend HRS section 235-64 (b) to hold any person or corporate officer who is responsible for deducting and withholding wages from an employee, or pay over the amount of state income tax to be liable for such actions.

Your Committee believes this bill would broaden the scope of the law to make all persons in a managerial capacity (i.e. persons who have the authority to sign the withholding tax returns, to authorize payments to corporate creditors or to sign disbursement checks) to be liable for wilfully failing to perform those managerial-type duties. Persons who have only ministerial duties under the corporation (i.e. persons whose duties are regarded as clerical in nature such as information, assisting in the preparation of tax returns or dispersing of checks) would be excluded from liability.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3121, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 915-90 Consumer Protection and Commerce on S.B. No. 3246

The purpose of this bill is to amend section 237-24, Hawaii Revised Statutes, to exempt from the general excise tax amounts received by the plan manager of a time share plan.

Your Committee heard testimony in favor of this bill from the Chamber of Commerce of Hawaii (HCCCH) and time share managers who testified that this bill would clarify the general excise tax law to provide that the amounts paid by owners of time share units for common expenses are not taxable gross income when received by the plan manager. Further, they pointed out that condominium owners are not subject to general excise tax on the funds paid to the condominium association, thus, by the same logic, the time share association should not be subject to tax on the funds paid by the interval owners.

The Department of Taxation (Department) opposed this bill. The Department testified that time share projects are not an alternative to home ownership, but are a method of ensuring vacation accommodations for their owners over a number of years. Therefore, time share projects are similar to hotels, vacation rentals and other transient accommodations. The Department pointed out that common element expenses for time share properties are different from common element expenses for condominium owners because time share operations expenses are akin to hotel business expenses.

Your Committee believes that there are some differences between condominium and time share common element expenses. The exemption from the general excise tax should include only condominium-type, and not the hotel-type, expenses. Moreover, if this tax is to be collected from time share projects, the tax should be collected prospectively. Your Committee understands that the parties are continuing discussion regarding the similarities and differences of common element expenses, therefore, your Committee intends to keep this measure alive.

Your Committee has amended this bill by (1) creating a separate paragraph for time share exemptions; (2) renumbering subparagraphs (20) through (25) to subparagraph (21) through (26) respectively; and (3) making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3246, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3246, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 916-90 Judiciary and Human Services on S.B. No. 3039 (Majority)

The purpose of this bill is to replace existing law relating to correctional industries in regards to its day-to-day operations and future planning and also provide the necessary flexibility for it to become a viable and profitable venture.

Your Committee received testimony from the Department of Corrections and the executive branch.

Your Committee believes that the proposed legislation establishes correctional industries as a major training initiative within the Department of Public Safety directing it to increase the employment potential of offenders.

Your Committee understands this legislation to enable the department to restore the work ethic within the correctional system. The development of a broad-based industrial and agricultural program that reflects the work environment in the community is an important step in assuming the safe return of offenders to the community.

Your Committee especially encourages the department to move thoughtfully in the development of work programs by providing goods and services to governmental and non-profit entities. This bill outlines an additional major step by allowing consideration of joint ventures between private sector business and the Department of Corrections.

Your Committee has amended this bill by adding a new subsection to the purpose section directing the development of work programs to include the providing of low cost construction, renovation and repair of facilities for private non-profit social service, education, and health agencies and programs.

Your Committee has also amended this bill by adding a new subsection directing the head of the correctional industries program to develop programs in which inmates can learn skills used in the construction industry while providing low cost services and repairs.

Technical, nonsubstantive changes to this bill were also made.

Your Committees on Judiciary and Human Services are in accord with the intent and purpose of S.B. No. 3039, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3039, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Bellinger, Chang, Duldulao, M. Ige, Ihara and Peters.

(Representative Anderson did not concur.)

SCRep. 917-90 Judiciary and Education on S.B. No. 2881

The purpose of this bill is to authorize the Department of Education to develop formal procedures for obtaining verifiable information regarding the criminal history of persons who are employed or seeking employment in public or private schools in positions affording close proximity to children.

Your Committees received testimony from the Department of the Attorney General, the Department of Education, the Hawaii State Teacher's Association, and interested members of the community in support of this bill.

Presently, there is no law specifically authorizing the Department of Education to conduct background checks to verify information given by applicants for employment, nor are adequate funds allocated for such checks.

Upon consideration, Your Committees have amended this bill to comport with the recommendations of the Attorney General. The amendments are as follows:

- (1) Section 1 of this bill amends Part III of Chapter 846, instead of Chapter 297. The purpose of this change is to maintain consistency in the background check law;
- (2) Section 1 of this bill shall take effect only upon the appropriation of funds sufficient to pay for three new full-time clerk-typist positions and all fees to be assessed to the Department of Education for criminal history record checks. The purpose of this change is to place the responsibility on the Department of Education only if the funds necessary to pay for the criminal history checks are allocated; and
- (3) Other technical, nonsubstantive changes.

Your Committees on Judiciary and Education are in accord with the intent and purpose of S.B. No. 2881, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2881, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Apo, Bunda, Hashimoto, D. Ige, Peters, Stegmaier and Hemmings.

SCRep. 918-90 Judiciary and Intergovernmental Relations and International Affairs on S.B. No. 3388

The purpose of this bill is to establish a center for nonviolence.

Your Committee received much testimony by professionals, community leaders, and individuals who all professed their support for this bill.

Your Committee believes that it is clearly more cost effective to invest in nonviolence today than it is to pay for the cost of violence in the future. The costs of violence go beyond the cost of arrest, trial, and incarceration. These costs include hospital bills, lost work hours, lost state revenues, higher insurance premiums, and the human costs of pain and suffering which no dollar amount can compensate. Your Committee is convinced that there exists a corresponding cost to violence ratio; that the costs of violence increases as the number of violent incidents occur and, conversely, the costs of violence decrease with the lessening of violence. Nonviolence is, graphically stated, cheaper than violence.

Your Committee strongly believes that there is a need to link and support existing efforts in our communities working for nonviolence. Your Committee recognizes that nonviolence is both the mean and the end. Your Committee concludes that there is no separation. Through establishing a working, community-based nonviolence center, our state can lead the way to promoting alternatives to violence and promoting peace.

Your Committee takes the position that the creation of a state center recognizes the dignity of each human and the need for everyone to actively participate in the creation of a peaceful environment in our state. This creation of a state center is part of the process itself, of nonviolence.

Your Committee has amended this bill by:

- (1) Deleting all references to a "corporation" and substituting in its place references to an "institute";
- (2) Deleting language added referring to corporation policies and procedures;
- (3) Placing the center within the Department of Finance for administrative purposes;

- (4) Naming the center as "Maluhia, the Pacific Center for Nonviolence; and
- (5) Making technical, nonsubstantive changes for purposes of clarity, style, and consistency.

Your Committee supports the merits of this bill and the establishment of a center for nonviolence, which shall serve the citizens and governments of Hawaii and the Pacific region by providing the widest possible range of education and training programs, basic and applied research opportunities, and information network services to promote nonviolence and the spirit of aloha among all nations and peoples throughout the world.

Your Committees on Judiciary and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 3388, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3388, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Bellinger, Peters and Tajiri.

SCRep. 919-90 Judiciary and Housing on S.B. No. 3120

The purpose of this bill is to modify the procedures for recapture of taxes on distributions from individual housing accounts (IHA) used to purchase residential real property. Current law requires that, upon sale of the property, the entire amount of the distribution is to be included as gross income for individual income tax purposes in the year of the sale and that the taxpayer pay a penalty equal to ten per cent of the distribution. The bill would provide that:

- (1) For residential real property purchased after December 31, 1989 with a distribution from an IHA, the individual must include one-tenth of the total distribution as gross income for individual income tax purposes in the year of the distribution and one-tenth in each of the nine tax years thereafter;
- (2) If the individual sells the property before the end of the ten-year recapture period, an amount equal to the amount of the distribution from the IHA not previously reported must be included as gross income for income tax purposes in the year of the sale and that the taxpayer pay a penalty equal to ten per cent of the total distribution;
- (3) An individual who purchased residential real property before January 1, 1990 with a distribution from an IHA could elect before January 1, 1991 to use the new recapture procedures, rather than follow the procedures in current law;
- (4) Properties "transferred by will or by operation of law" in addition to properties "sold due to death or total disability" as provided in current law are exempt from the recapture provisions;
- (5) The new provisions would be effective in taxable years beginning after December 31, 1988; and
- (6) The ten per cent penalty does not apply to an individual who sells the residential property after having reported the total distribution as gross income during the ten-year period provided in the bill.

Your Committees find that current recapture procedures impose a substantial burden on taxpayers who sell their homes. The bill would allow affected taxpayers to avoid this burden, as long as they hold the property for at least ten years and make periodic tax recapture payments during that time.

Your Committees find that modification to the current individual housing account program to reduce the tax burden on individuals wishing to sell their properties are appropriate and consistent with other policies in effect regarding state-assisted housing purchases.

Your Committees on Judiciary and Housing are in accord with the intent and purpose of S.B. No. 3120, S.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Chang, Duldulao, M. Ige, Kawakami and Peters.

SCRep. 920-90 Judiciary on S.B. No. 2813

The purpose of this bill is to appropriate funds for the Office of Veterans Services to create and develop a special medal of commendation for Hawaii's veterans.

Your Committee finds that a special commemorative medal is well deserved and is an appropriate means of recognizing the unselfish contributions and sacrifices made by Hawaii's veterans.

Your Committee received testimony from a spokesperson from the Office of Veterans Services both supporting this bill and expressing concerns.

Your Committee agrees with the testimony and has amended this bill to reflect the appropriate concerns. Your Committee believes that criteria must be established upon which the proposed commemorative medal be awarded, that production costs must be determined, that staff and administrative requirements also be determined, and that the delineation of the scope of authority of the Office of Veterans Services as it relates to the program be made.

Your Committee has amended this bill by deleting the monetary amount appropriated in this bill and by adding specific language authorizing the Office of Veterans Services to create and develop a special medal of commendation to recognize Hawaii's veterans.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2813, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2813, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 921-90 Judiciary on S.B. No. 2936

The purpose of this bill is to require every legislator and certain State employees as defined in section 84-3, Hawaii Revised Statutes, to disclose information to the State Ethics Commission regarding air travel and overnight lodging paid for or provided by a business and accepted by the legislator or employee in the performance of their official State duties.

Your Committee received testimony on this measure from the State Ethics Commission. Your Committee finds that the public and the media are suspicious about such trips and non-disclosure of the payments heightens public suspicion.

Your Committee has amended this bill by:

- (1) Reinserting the provisions in the original bill which required disclosure of the value of food, beverages and gifts provided by a business and accepted by a legislator or employee. The purpose of these amendments are to require disclosure of such benefits given by businesses; and,
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2936, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2936, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Cachola, Hagino, Okamura and Peters.

SCRep. 922-90 Judiciary on S.B. No. 2286

The purpose of this bill is to authorize an increase in certain District Court fees.

Your Committee received testimony from the Judiciary, which indicated that the prescribed fees have not been increased in twenty years. Your Committee finds that an increase in the costs is warranted because of inflation and increased processing costs.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2286 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 923-90 Judiciary on S.B. No. 2799

The purpose of this bill is to increase certain fees and charges relating to the service of summons by deputy sheriffs in the State of Hawaii.

Your Committee received testimony from the Sheriff's Office in the First Circuit in support of this bill. Your Committee finds that an increase in the fees and charges is necessary to maintain high standards of service from the Sheriff's Office.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2799, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 924-90 Judiciary on S.B. No. 3358

The purpose of this bill is to establish and fund an intrafamily sexual assault program within the adult probation unit of each judicial circuit. The first circuit is the only circuit presently scheduled to start this type of program.

Your Committee finds that sexual assault between family members is a serious and significant problem. The specialized focus of the program is to benefit the offenders as well as the families involved.

Your Committee received testimony favoring the passage of this bill from the Department of the Attorney General, the Judiciary, and the Honolulu Police Department.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3358, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 925-90 Water and Land Use on S.B. No. 3303

The purpose of this bill is to improve the existing Waiahole Valley water system (State system) and maintain the Waiahole McCandless water system (McCandless system) by appropriating an unspecified sum to the Housing Finance and Development Corporation (HFDC). This bill also requires that the McCandless system remain in use for agricultural purposes only.

Currently, many of the Waiahole residents are hooked up to both systems. Your Committee finds that before HFDC installed the State system, Waiahole residents received both their drinking as well as irrigation water from the McCandless system which was completed approximately 75 years ago. Water from this system originates from Waiahole Tunnel which collects its water from ground as well as surface sources. According to the Department of Health (DOH), this water presents a public health hazard due to its high coliform count. Nevertheless, Waiahole residents have used this water for their personal needs. There is no cost for this water.

Your Committee further finds that the State system was intended to replace the McCandless system and provide potable water to Waiahole residents for drinking as well as irrigation purposes. Water from this system originates from two wells and is then pumped into a 1 million gallon tank. However, it costs residents \$0.18/1,000 gallons for this water.

For whatever reasons, your Committee finds that the residents have not utilized the water from the State system to its design capacity (approximately 1 million gallons/day). Residents have complained that the water from this source is milky in color and has a strong smell; tests, though, have found that this water meets water quality standards. Some believe that the cause of this condition is due to the low usage of the system; ie. the water becomes "stale" from being stored in the tank for too long periods.

HFDC testified that as long as the two water systems continue to co-exist, there is the possibility of cross-connections which would contaminate the State system. In fact, the DOH has cited HFDC on one occasion for operating a contaminated system due to cross-connections. Because HFDC is concerned about potential liability problems to the State, it recommended that Section 3 of the bill (requiring only agricultural use of the water from the McCandless system) be deleted and that no funds be appropriated to maintain the McCandless system.

Your Committee also received testimony in support of this bill in its entirety from Waiahole residents who indicated that they are comfortable with the McCandless system despite its known water quality problems. Some complained about the "stale" water in the State system, and others pointed out the importance of not wasting any of the McCandless water.

Your Committee finds that further legislative review is necessary to resolve the issues contained in this measure. To ensure continued discussions, your Committee passes this measure out in unamended form and requests the Committee on Finance to review the merits of this measure.

Your Committee on Water and Land Use is in accord with the intent and purpose of S.B. No. 3303, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Apo, Bellinger, Bunda and Hemmings.

SCRep. 926-90 Water and Land Use on S.B. No. 3221

The purpose of this bill is to provide new sources of revenue for the wildlife revolving fund by requiring that bail forfeitures and sales revenues collected in the course of regulating hunting in the State be deposited to the credit of the wildlife revolving fund. More specifically, this bill would:

- (1) Clarify that bail forfeitures resulting from violations of Chapter 183D, Hawaii Revised Statutes, are to be deposited into the fund;
- (2) Provide that moneys collected from the sale of any article required to be purchased from the Department of Land and Natural Resources (DLNR) in order to hunt be deposited into the fund; and
- (3) Provide that moneys collected from the sale of any works of art related to the sale of the articles referred to under item 2 be deposited into the fund.

Your Committee finds that because the beneficiaries of these moneys will be the hunting community in Hawaii, it is entirely appropriate that the various bail and sales revenues collected be deposited into the wildlife revolving fund.

DLNR testified in support of this bill.

Your Committee on Water and Land Use is in accord with the intent and purpose of S.B. No. 3221 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 927-90 Water and Land Use and Intergovernmental Relations and International Affairs on S.B. No. 3127

The purpose of this bill is to transfer various parks, recreational areas, and beaches between the State and the counties. This bill also transfers all State officers and employees who are assigned to or who service State land and parks identified in the bill to the appropriate county. At the same time, this bill also transfers all county officers and employees assigned to or who service county land and parks identified in this bill to the State. Finally, this bill specifies that the transfer is effective only if the Legislature provides the county with taxing powers.

Your Committees received testimony from the Department of Taxation, the Department of Transportation, the City and County of Honolulu's Department of Parks and Recreation, the City and County of Honolulu's Department of Public Works, the Kauai County Council, the County of Kauai's Department of Finance, the County of Maui's Department of Parks and Recreation, the County of Hawaii's Department of Research and Development, and the Hawaii Audubon Society.

Upon further consideration, your Committees have amended this bill by:

- (1) Deleting the Honolulu Stadium State Recreational Area, Kahana (lifeguard service only), Makua beach (lifeguard service only), Yokohama Bay (Lifeguard service only), and the Malaekahana State Recreational Area from Subsection (a) of Section 2;
- (2) Specifying in Subsection (a) of Section 2 that the 16th Avenue Park land shall remain forever as a recreational area;
- (3) Inserting a new Subsection (c) in Section 2 that provides details on the transfer of Kawainui Marsh. Specifically, the transfer is contingent on the completion of all pending flood control projects by the City and the Army Corps of Engineers. Prior to the transfer, the City and the State shall agree to the management of the cultural and wildlife resources of the Marsh by the Department of Land and Natural Resources;
- (4) Redesignating Subsections (c) through (i) to reflect the insertion of a new Subsection (c); and redesignating references to certain subsections on line 19, page 3 and line 16, page 4 of the bill, as received;
- (5) Deleting Wailua Beach, Polihale State Recreation Area, and Lumahai Beach Park from Subsection (c) of Section 2 of the bill, as received, primarily due to County of Kauai concerns over increased liability exposure;
- (6) Deleting Makena (lifeguard service only) from Subsection (d) of Section 2 of the bill, as received;
- (7) Deleting Hapuna (lifeguard service only) from Subsection (e) of Section 2 of the bill, as received;
- (8) Deleting the contingency language in Sections 5 and 7 requiring the passage of a bill which provides taxing powers to the counties, and inserting contingency language in its place requiring the passage of a bill which allocates a percentage of the gross State general fund tax revenues, less adjustments, as grants-in-aid to the counties; and
- (9) Making technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committees on Water and Land Use and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 3127, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3127, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Apo, Baker, Bellinger, Bunda, Say and Hemmings.

SCRep. 928-90 Human Services and Health on S.B. No. 2794

The purpose of this bill is to supplement the State's institutional health care reimbursement funds for inpatient care under the medical care payments law.

Testimony in support of this measure was submitted by the Department of Human Services, the Queen's Medical Center, the Kokua Council for Senior Citizens, the Rehabilitation Hospital of the Pacific, the Wilcox Memorial Hospital, the Kuakini Medical Center, the Kapiolani Health Care System, the Hawaii Long Term Care Association, and the Healthcare Association of Hawaii.

The Healthcare Association of Hawaii recommended amending the bill to include language setting forth qualifying standards and conditions, as well as mechanisms for monitoring and evaluation, which ensure that the moneys appropriated are expended for a public purpose and pursuant to standards provided by law. The Association testified that the proposed language was drafted in consultation with the Department of the Attorney General.

Based on the foregoing testimony, your Committees have amended this bill by:

- (1) Appropriating the sum of \$8,300,000 to be distributed to all Medicaid participating institutional providers of medical care;
- (2) Providing that the total sum appropriated cannot be expended unless the following conditions are met:

- (A) A "blue ribbon" panel shall be established by the Governor to examine the financial and economic dynamics of the health care industry in Hawaii;
 - (B) The Governor shall submit the findings and recommendations of the "blue ribbon" panel to the Legislature at least twenty days before the convening of the 1991 Regular Session; and
 - (C) Of the total sum appropriated by this measure, \$300,000 shall be reserved for the establishment and operation of the "blue ribbon" panel;
- (3) Adopting language proposed by the Healthcare Association of Hawaii which:
- (A) Requires that any organization receiving funds shall meet certain qualifying standards and comply with certain conditions before receiving the funds;
 - (B) Requires that every expenditure of funds to any organization shall be monitored by the appropriate agency to ensure compliance with certain qualifying standards and conditions; and
 - (C) Establishes that the qualifying standards and conditions related to the receipt of funds contained in Chapter 42, Hawaii Revised Statutes, shall not apply to funds expended as proposed; and
- (4) Including the Hawaii Medical Association and the Healthcare Association of Hawaii among the entities that shall be on the blue ribbon panel.

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

Your Committees on Human Services and Health are in accord with the intent and purpose of S.B. No. 2794, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2794, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 929-90 Human Services on S.B. No. 3176

The purpose of this bill is to conduct a one-year demonstration project to train individuals to become home care providers who are able to establish and operate their own child care facility.

Testimony in support of this measure was submitted by the Departments of Human Services, Health, and Labor and Industrial Relations, the State Commission on the State of Women, the Office of Children and Youth, PATCH (People Attentive to Children), and the Hawaii Association for the Education of Young Children.

Your Committee recognizes that Hawaii has a shortage of adequate and affordable child care. Quality child care has become one of the most important issues facing the State today. With the increasing number of families in which both parents work as well as the increasing number of single parent families, the demand for quality child care of all types far outweighs the number of safe, quality space for our children. Your Committee believes that the State must take a more active role in increasing the number of quality child care providers.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Provided that the Department of Labor and Industrial Relations administer a grants program to enable child care providers to convert and renovate existing facilities to allow additional child care homes and providers to be located in such facilities;
- (2) Established a child care resource lending center to help family child care providers start up their businesses;
- (3) Deleted language naming the demonstration project, "Neighborhood Care for Kids"; and
- (4) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3176, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3176, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 930-90 Human Services on S.B. No. 3146

The purpose of this bill is to adjust the expenditure ceiling for Nursing Home Without Walls services to not more than seventy-five percent of the annual Medicaid cost for comparable institutional care for the program caseload rather than for each individual client.

Your Committee received testimony in support of this bill from the Department of Human Services, the Department of Health, the Commission on Persons with Disabilities, and the Founders' Group of the Kokua Council for Senior Citizens.

The Department of Human Services testified that the current requirement of not exceeding seventy-five percent of the annual Medicaid cost for comparable institutional care for each individual client poses a hardship during periods when the service needs of clients are excessive. The proposed system of basing the expenditure ceiling on aggregate program cost would not result in an overall program cost increase because the higher costs for clients needing more services are offset by the stable service clients who need fewer services.

Your Committee finds that a comprehensive approach to home-based care requires, in addition to the types of services provided by the Nursing Home Without Walls program, the provision of respite care services to family caregivers. Families who care for their chronically ill or disabled loved ones at home find themselves faced with a demanding twenty-four-hour-a-day task resulting in extreme physical, emotional, and financial stresses that take their toll on the entire family. As a result, many families suffer "burnout" that precipitates neglect, major family disruptions, or placement of the person requiring care into an institution. It is in the State's public interest to support the efforts of families who provide home care to family members with chronic illnesses or disabilities by developing a comprehensive respite care system which includes support services, training, and recruitment; resource and referral; and assessment of the needs of caregivers.

Based on the foregoing, your Committee has amended the bill as follows:

- (1) Established within the Department of Health a respite care task force for the purpose of advising the Department on broad policy statements related to respite services, as well as the allocation and expenditure of moneys appropriated for respite care services;
- (2) Appropriated \$1,000,000 for the following:
 - (A) The provision of support services and training to families and caregivers who provide home care to individuals with developmental disabilities and mental illness; and
 - (B) The establishment and development of respite care services to families providing home care to a family member who is an infant or toddler with a developmental delay, a seriously mentally ill adult, a seriously emotionally disturbed child, a seriously or terminally ill child, or a developmentally disabled adult or child;
- (3) Appropriated \$650,000 for the following:
 - (A) The expansion of respite care services for families providing at home care to an elderly family member;
 - (B) The establishment of a statewide caregiver training program through the University of Hawaii community college system; and
 - (C) The design and implementation of a preretirement and caregiver demonstration program for state employees;
- (4) Appropriated \$75,000 for the establishment and development of respite care services for child foster care providers statewide;
- (5) Appropriated \$100,000 for an assessment of at-home family caregiving;
- (6) Appropriated \$250,000 for expansion of the crisis intervention services for the elderly program to include the provision and development of in-home emergency care services to disabled or ill persons of all ages requiring long-term care at home;
- (7) Appropriated \$176,112 for expansion of the senior companion and respite companion programs;
- (8) Appropriated \$75,000 for the provision of services and training, as well as the establishment and development of respite care services to families providing home care to a family member who is a disabled adult or child; and
- (9) Made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3146, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 931-90 Labor and Public Employment and Health on S.B. No. 2157

The purpose of this bill is to establish a permanent job-sharing program in the Department of Health.

Your Committees find that job-sharing has provided a positive employment option to many qualified persons who have been unable to work full-time.

By making this a permanent program, the Legislature would be creating a healthier and more stimulating work environment for participating employees. In addition, this bill provides management with a means of filling vacant positions and allowing employees more time to pursue additional training and education.

Your Committees received testimony in favor of this measure from the Department of Health, the Hawaii Government Employees Association, and the Hawaii Healthy Mothers, Healthy Babies Coalition.

Your Committees on Labor and Public Employment and Health are in accord with the intent and purpose of S.B. No. 2157, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Tajiri.

SCRep. 932-90 Labor and Public Employment on S.B. No. 3156

The purpose of this bill is to amend civil service procedures by allowing the Director of Personnel Services to authorize temporary limited appointments to vacancies when there are fewer than five eligible persons available on a list.

At the present time, the statutory provisions do not permit temporary appointments to vacancies as long as a list containing one eligible person is available. In most instances, a list with only one eligible is not sufficient to make a reasonable selection. As a result, it is difficult to fill temporary vacancies as soon as possible with the best qualified and suitable persons.

Your Committee finds that this bill would provide recruiting flexibility to enhance the State's ability to compete for persons possessing the requisite skills and qualifications in a highly competitive labor market.

Testimony in support of this measure was received from the Department of Personnel Services, the Department of Labor and Industrial Relations, the Department of Accounting and General Services, the Department of Human Services, and the Judiciary.

The Department of Personnel Services recommended that this bill be amended to allow the Director of Personnel Services to authorize provisional appointments when there are fewer than five eligibles available on a list. As is in the case for temporary appointments, the current law does not permit provisional appointments as long as a list containing one eligible is available.

Your Committee has amended this bill to incorporate the Department of Personnel Services' recommendation. Other technical, nonsubstantive amendments have been made for the purposes of style and clarity.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3156, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tajiri.

SCRep. 933-90 Labor and Public Employment on S.B. No. 2730

The purpose of this bill is to increase the ordinary disability benefit for members in the contributory plan to one and three-fourths percent of the member's average final compensation for each full year of credited service with a minimum of thirty percent of the member's average final compensation.

Your Committee received favorable testimony from the Hawaii Government Employees Association and the Hawaii State Teachers Association.

The Employees' Retirement System testified that the appropriation section can be eliminated and any resulting costs can be adequately addressed during the upcoming biennium budget review. As a result, your Committee has amended this bill by deleting the appropriation section.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 2730, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2730, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tajiri.

SCRep. 934-90 Labor and Public Employment on S.B. No. 3154

The purpose of this bill is to provide greater advancement opportunities for state employees and to enhance the State's retention of qualified and able employees by allowing the appropriate appointing authorities to fill vacant positions by promotion without examination; provided that the employees meet minimum qualifications.

Your Committee finds that in a tight labor market, the State must be given the means to compete for the most talented and skilled individuals. This measure would provide the State this flexibility to develop a job environment that will continually attract, develop, and retain a competent work force.

Testimony in support of the intent of this measure was received from the Department of Personnel Services, the Department of Accounting and General Services, the Department of Health, the Department of Human Services, and the Judiciary.

To prevent potential abuses, your Committee has amended this bill to clarify the conditions that must be met to fill a vacant position without requiring an examination. This bill has been amended to allow an appointing authority to fill a vacant position by promoting any regular employee of the departmental division without examination; provided that the noncompetitive promotion must be based on appropriate selection documentation indicating that the person promoted is the best qualified.

Your Committee has also amended this bill by repealing the provision prohibiting a second promotion without examination within the same year.

Other technical, nonsubstantive amendments have been made for the purposes of style and clarity.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 3154, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3154, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tajiri.

SCRep. 935-90 Health on S.B. No. 3149

The purpose of this bill is to establish a revolving fund, to be known as the "Randolph-Sheppard Revolving Account", to receive and disburse income derived under the Federal Randolph-Sheppard Act.

Pursuant to the Randolph-Sheppard Act, blind and visually handicapped persons participating in the blind vending program operated by the State Department of Human Services may receive income from vending machines situated on federal, state, and county properties, as well as income from the news vending concession at the Honolulu International Airport. The proposed revolving fund will serve as the authority by which income received under the Randolph-Sheppard Act, as well as income received from other legally accepted sources of income, including donations, may be utilized for the benefit of program participants.

The bill allows revolving fund resources to be disbursed for the following purposes:

- (1) To establish and maintain a benefits package for blind and visually handicapped vendors;
- (2) To maintain and replace equipment, as well as purchase new equipment; and
- (3) To provide management services.

The Department of Human Services submitted testimony in support of this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3149, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 936-90 Transportation on S.B. No. 1719

The purpose of this bill is to amend Section 342-22, Hawaii Revised Statutes, to require the Director of Health to establish rules requiring that beginning on July 1, 1991, all new diesel buses and existing diesel buses that undergo major reconstruction install and use exhaust systems that route the smoke emissions to levels above the roof of such buses to lessen the amount of exhaust fumes passengers and other motorists are exposed to.

Your Committee received testimony from the Hawaii Transportation Association in opposition to this bill.

Your Committee finds that an integrated transportation system that services statewide needs and promotes safe, reliable, efficient, and convenient movement of people and goods is of vital concern to our Island State and is central to Hawaii's economic development. A major component of our transportation system is the state highway system. Currently, the construction and maintenance of the state highway system is financed by the state highway fund which is supported primarily by revenues obtained from user fees, such as the state liquid fuel tax, the vehicle weight tax, and vehicle registration fees. Due to factors such as the introduction of fuel efficient vehicles and conservation efforts, highway fund revenues have not kept pace with the rapidly rising costs of highway construction and maintenance.

Your Committee finds that in addition to continuing with the State's highway construction and maintenance program, it is imperative that initiatives be continued to lessen the number of automobiles on our highways. Your Committee further finds that mass transportation, or more specifically the transportation of individuals by bus or fixed rail rapid transit, is a very viable means of reducing the number of automobiles on our highways. Your Committee also finds that capital costs for the development of an efficient bus or fixed rail rapid transit system may be substantial and agrees that a reasonable distribution of financial responsibility between participating government and private parties is essential.

Your Committee finds that the City and County of Honolulu is in the process of developing a fixed rail rapid transit system for Oahu. Your Committee further finds that the City will be unable to absorb the estimated 1.4 billion dollars

required to build such a system and that assistance from state, federal, and private sector sources is imperative. Your Committee further finds that the City's fixed rail rapid transit system is eligible to receive assistance from the federal government for approximately 30% of the total construction costs.

Your Committee finds that various entities interested in building a fixed rail rapid transit system in Honolulu have indicated that they are willing to absorb 100% of the construction cost to build such a system in return for various development rights and concessions. Your Committee further finds that in order to adequately compensate such an entity for their \$1.4 billion outlay for the construction of a fixed rail rapid transit system, the development rights and concessions requested may not be conducive to the State or to the City and County of Honolulu. Your Committee also finds, however, that should a private entity be asked to absorb a lesser portion of the total construction cost, that a reasonable compromise may be attained.

Your Committee finds that several neighbor island counties presently have bus systems in operation and are in need of financial assistance to expand their systems by purchasing new buses. Your Committee also finds that private sector entities such as the visitor accommodation industry, who are currently experiencing problems in retaining a sufficient number of employees, may be willing to contribute towards the enhancement of existing bus systems, or the creation of a new bus system.

Your Committee has substantially amended this bill as follows:

- (1) Delete the current provisions of the bill.
- (2) Insert provisions to establish a state transit capital development fund to assist the counties with the capital costs involved in developing mass transportation.
- (3) Include an amendment to Section 237-31, Hawaii Revised Statutes, transferring \$80 million per year of general excise tax revenues from 1990 to 1994 to the state highway fund.
- (4) Include an amendment to Section 237-31, Hawaii Revised Statutes, transferring \$50 million per year of general excise tax revenues from September 1, 1990 through 2005 for deposit into the state transit capital development fund.
- (5) Include other amendments for the purposes of consistency and clarity.

Your Committee finds that with the above mentioned amendments, the City and County of Honolulu will have an opportunity to finance the construction of a fixed rail rapid transit system with 35% of the cost from state dollars, 30% of the cost from federal dollars, and 35% of the cost from private sector dollars. Your Committee further finds that this financing plan is premised upon the development of a fixed rail rapid transit system for Honolulu without increasing the tax burden on the residents of Hawaii.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1719, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1719, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 937-90 Transportation and Education on S.B. No. 2692

The purpose of this bill is to amend Section 296-46.1, subsection (d), Hawaii Revised Statutes, to allow for a limitation on the age of school buses contracted by the State for the purpose of transporting pupils.

Your Committees received testimony from the Department of Transportation, the Department of Accounting and General Services, the Hawaii School Bus Association, and Save Money and Ride Together (SMART).

Your Committees find that an age limitation on the school buses utilized to transport Hawaii's school children, would greatly enhance the safety and quality of those vehicles. Your Committees also find that the National Transportation Safety Board (NTSB) has requested all states to adopt legislation establishing a date by which school buses manufactured before April 1977 be phased out of use for transportation of students.

Your Committees on Transportation and Education are in accord with the intent and purpose of S.B. No. 2692, and recommend that it pass Second Reading, and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representatives Apo and Hemmings.

SCRep. 938-90 Transportation and Health on S.B. No. 3399

The purpose of this bill is to amend Chapter 291, Hawaii Revised Statutes, by adding a new section controlling the level of sound emanated from a vehicle's sound amplification system.

Your Committees received testimony on this measure from the Department of Health and a concerned citizen.

Your Committees agree that it is of compelling public interest to establish criteria for the offense of operating excessively loud motor vehicle auxiliary sound amplification systems. Your Committees further find that there is a problem of enforcement because it is difficult to record noise levels from moving vehicles.

Your Committees have amended this bill by incorporating language from Section 711-1101, Hawaii Revised Statutes, on disorderly conduct to provide requisite states of mind and enforcement guidelines. This bill was also amended by adding a police officer as a person who may be a complaining witness to the offense, whereas the disorderly conduct statute may require members of the public to testify as to the physical inconvenience or alarm caused by the noise. Other changes were made for the purposes of style and clarity.

Your Committees on Transportation and Health are in accord with the intent and purpose of S.B. No. 3399, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3399, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees.

SCRep. 939-90 Transportation; Intergovernmental Relations and International Affairs; and Judiciary on S.B. No. 3129

The purpose of this bill is to amend the commercial motor vehicle driver licensing law enacted in 1989 to facilitate its implementation in accord with federal standards. This bill also permits third-party driver examiners to administer the commercial motor vehicle skills test. This bill also exempts certain classes of drivers from the commercial motor vehicle skills test. This bill also provides that the counties shall be reimbursed for the administrative costs of the commercial driver licensing program.

Your Committees received testimony from the Department of Transportation, the City and County of Honolulu, and the Hawaii Transportation Association.

Your Committees find that this bill is necessary to bring State law into conformance with federal standards.

Your Committees have amended this bill as follows:

- 1) Setting the appropriation amount at \$800,000.
- 2) Designating the State with the responsibility to certify "third party examiners".
- 3) Oral notification must be followed by a written notice delivered or postmarked no later than the end of the business day following the day the driver received his notice of disqualification.
- 4) Technical, non-substantive amendments for the purposes of clarity and style.

Your Committees on Transportation, Intergovernmental Relations and International Affairs, and Judiciary are in accord with the intent and purpose of S.B. No. 3129, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3129, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 940-90 Health on S.B. No. 2587

The purpose of this bill is to establish, and appropriate the first year planning and start-up funds for a Statewide Newborn Hearing Screening and Surveillance Program.

Your Committee acknowledges that the Department of Health's present hearing screening programs are inadequate as there are children in the state being identified too late to prevent the consequences of hearing loss.

Your Committee is aware that it is expected that 2,000 out of the approximately 18,500 newborns born each year in Hawaii will be at risk for hearing loss. Of these, at least 120 will have a significant hearing loss and an additional 200 are expected to have delayed onset or acquired hearing loss by age 5.

Your Committee heard testimony in support of this bill from representatives from the Department of Health, Department of Education, Office of Children and Youth, State Planning Council on Developmental Disabilities, Kapiolani Medical Center for Children and Youth, Commission on Persons with Disabilities, Hawaii Early Intervention Coordinating Council, Gallaudet University Center on Deafness-Kapiolani Community College, Hawaii Speech-Language-Hearing Association, Maui Medical Center, Kaiser Permanente, Kihei Pediatric Clinic, Hawaii Healthy Mothers, Healthy Babies Coalition, Hawaii Services on Deafness, Hawaii Public Health Association, the Parent-Child Development Center, Kamehameha Elementary School, Imua Rehab, Society of Crippled Adults and Children of Maui County and numerous private individuals either hearing impaired or parents of children hearing impaired.

Your Committee agrees that this bill would expand screening of all newborns statewide, in particular the rural areas and neighbor islands. A comprehensive hearing screening system is essential to ensuring that all of Hawaii's children reach their full educational and employment potential. This will result in less costly special education services to the State. Your Committee also agrees that this bill also recognizes the vital role families play in a child's development and provides support and information to enable parents and other family members to be equal members on the early intervention team.

Your Committee has amended SECTION 2. to decrease the amount appropriated to the Department of Health as per their request.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2587, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2587, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 941-90 Health on S.B. No. 3077

The purpose of this bill is to establish a revolving fund within the State Department of Health from which loans may be made for the establishment of programs providing housing for recovering alcohol and substance abusers as mandated by the federal Anti-Drug Abuse Act of 1988 (Public Law 100-690).

The Department of Health submitted testimony in support of this bill. This testimony indicated that the establishment of the proposed revolving fund will put the State in compliance with the federal Anti-Drug Abuse Act of 1988 and will thereby ensure the continued receipt by the State of approximately seven million dollars in federal mental health and substance abuse anti-drug abuse grants.

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

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3077, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3077, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 942-90 Health on S.B. No. 2318

The purpose of this bill is to include the illegal distribution of steroids as an offense subject to the forfeiture provisions of the penal code.

Your Committee heard testimony from the Department of Health, the Office of the State Attorney General, and the Police Department of the City and County of Honolulu in support of this measure.

Your Committee hopes that adding a provision which allows for the forfeiture of the property of any person violating Section 329-45, Hawaii Revised Statutes, and including anabolic steroids into the language of Section 329-55, Hawaii Revised Statutes, will lead to a reduction in the abuse of these drugs.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2318, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

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

SCRep. 943-90 Health on S.B. No. 2413 (Majority)

The purpose of this bill is to establish a pilot program which would allow intravenous drug users (IVDUs) to obtain sterile needles and syringes in exchange for their used equipment. The program seeks to reduce the transmission of HIV and other blood borne diseases by reducing needle sharing among IVDUs, and to promote the treatment and rehabilitation of intravenous drug users. If the program can prevent the transmission of HIV virus to mothers, then the additional tragedy of in-utero transmission to their children may also be avoided.

Your Committee heard testimony in support of this measure from the Department of Health, the Governor's Committee on AIDS, and a number of concerned community organizations and individuals. It should be noted that while supportive, a number of those testifying did express concern with some of the safeguards which have been added to the pilot program. Testimony in opposition to this measure was presented by the Prosecuting Attorney and the Police Department of the City and County of Honolulu.

Your Committee strongly supports the provision of drug counseling and rehabilitation services to the participants of the pilot program. However, your Committee does not believe that requiring acceptance of treatment, as a pre-condition of the program will improve the chances of the program fulfilling its' mission. Therefore, your committee has made the following amendments: on page 5 the word "all" has been removed from page 5, line 1, and the word "only" has been removed from page 5, line 10. Page 5, line 11 has been amended by including the words: "will be encouraged to accept".

Your Committee believes that the needle exchange pilot program requires a three year period in order to adequately assess its effect. The bill has been amended to reflect this position wherever reference is made as to the length of the pilot program.

Your Committee responded to requests by the police and prosecutor's office that they not be included in the oversight committee by removing the words "county prosecutor's offices and police departments from page 6, lines 17 and 18 and replacing them with the words "shall include representatives from the law enforcement community".

A technical, nonsubstantive amendment on page 3, line 1 of this bill was also made by deleting the word "first".

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2413, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2413, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives M. Ige, Peters and Tam.
(Representatives Cavasso and Liu did not concur.)

SCRep. 944-90 Health on S.B. No. 2307

The purpose of this bill is to enact a new chapter in the Hawaii Revised Statutes to provide for substance abuse testing. The bill would ensure that standard requirements and procedures for uniform substance abuse test procedures are employed throughout the State. Most importantly this bill will protect the privacy rights of individuals and provide that reliable and accurate test results are achieved.

Your Committee received testimony in support of this bill from the Department of Health, the City and County of Honolulu-Department of Civil Service, the Kapiolani Medical Center for Women and Children, the Chamber of Commerce of Hawaii, the American Civil Liberties Union of Hawaii, and the City and County of Honolulu-Police Department.

Your Committee finds that each of the testifiers offered amendments and changes to the bill. Your Committee found that the organizations could not reach a consensus at this time regarding their various suggestions. Your Committee heard testimony from the Department of Health indicating this is a general bill for substance abuse testing, thus, the eventuality may arise that blood rather than urine would be the preferred bodily fluid for analysis. This being the case, authorization must be made for the personnel who takes the blood specimen while protecting against lawsuits. Further, the taking of blood is an invasive procedure thus necessitating the written consent of the subject.

Your Committee has effected amendments to the bill to provide for including the analysis of blood, as well as urine, as the bodily fluids for substance abuse testing. Your Committee has also made technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2307, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2307, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 945-90 Health on S.B. No. 3169

The purpose of this bill is to create a registered nurse student financial support program and a registered nurse loan fund to provide low interest loans to qualified students who intend to become licensed registered nurses and work in Hawaii.

Your Committee heard testimony in support of this measure from the Hawaii Nurses' Organization, the American Organization of Nurse Executives, Kapiolani Medical Center for Women and Children, the Chancellor for Hawaii's Community Colleges, Founders Group, Kokua Council for Senior Citizens of Hawaii, Healthcare Association of Hawaii, the Directors of the Community Colleges on Kauai and Hawaii, and individual nursing students. The Department of Health expressed support of the intent of the measure, providing that it does not replace the Department's current priorities as identified in the Executive Budget.

Your Committee finds that Hawaii's nursing shortage is a critical factor which affects the quality of health care. Your Committee heard testimony indicating that the typical nursing student of the 1990's is a "non-traditional" student, one who is older, and who may have the responsibility not only for supporting themselves, but full or partial responsibility for supporting a family as well. Such students are often forced to study part-time in order to meet their financial obligations, thus lengthening the period before they become members of the nursing workforce.

While in full agreement with the intent of this measure, your Committee believes that due to the fiscal limitations of this supplemental year it may be necessary for the administrative program within the Department of Health to be established before funds are appropriated for the financial support program or loan fund. Consequently, the following amendments have been made:

- a. Section 3. has been deleted,
- b. Section 4. has been deleted,
- c. Section 5. has been renumbered as Section 3 and has been amended to read: "This Act shall take effect upon its approval and be repealed as of July 1, 2000."

Your Committee would also like emphasize its desire to see the fund established in such a way as to enable it to receive matching funds from whatever sources are available.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3169, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3169, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 946-90 Health on S.B. No. 2120

The purpose of this bill is to authorize the Department of Health to continue the regulation of laboratory directors, laboratory technologists, laboratory supervisors, and laboratory technicians until December 31, 1993.

Your Committee received testimony in support of this bill from the Department of Health and The Queen's Medical Center.

The Department of Health testified that continued regulation and licensing of laboratory personnel statewide is necessary to protect the public's health, safety, and welfare. Discontinuing licensure would be contrary to the regulatory activities of other jurisdictions and the national trend.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2120, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 947-90 Health on S.B. No. 2102

The purpose of this bill is to continue the regulation of midwives by the Department of Health and to implement recommendations from the Legislative Auditor's sunset evaluation report which reviewed state laws authorizing the licensing of midwives.

Your Committee received testimony in support of this bill from the Department of Health (Department) and Certified Nurse-Midwives in Hawaii.

The Department emphasized the need for the practice of nurse-midwifery to be promoted as a complement to available obstetrical care options. This view is in concurrence with 1988 recommendations of the Institute of Medicine which stressed the nation-wide development of maternity care systems dedicated to drawing all women into prenatal care and which advocated, in conjunction with the development of these systems, reliance on a wide array of providers, including both physicians and certified nurse-midwives.

This bill establishes clear statutory authority for the Department to establish rules to regulate the practice of midwifery, including rules regarding the allowable scope of midwifery practice.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2102, S.D. 1, and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary.

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

SCRep. 948-90 Health on S.B. No. 3170

The purpose of this bill is to license developmental disabilities domiciliary homes for individuals with developmental disabilities or mental retardation who are unable to live independently, but do not require care by licensed nurses in a domiciliary setting.

Your Committee finds that this bill would implement a recommendation made in the Legislative Auditor's report entitled "Evaluation of the Quality of Care in Homes Serving People with Developmental Disabilities.". The licensing changes proposed in this study are needed to meet the needs of persons with developmental disabilities. This bill also intends to provide the level of care payments to service providers whose homes meet licensing standards. The level of care payments are needed to retain and maintain the residents of the homes in the community.

Your Committee heard testimony in support of this bill from the following organizations; the Department of Health, the State Planning Council on Developmental Disabilities, Commission on Persons with Disabilities and the Association for Retarded Citizens of Hawaii.

Your Committee has adopted the recommendations of the Department of Health by making minor word changes. Your Committee has also made technical amendments to the bill for the purposes of style and clarity.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3170, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3170, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 949-90 Health on S.B. No. 1398

The purpose of this bill is to mandate that all health insurance policies, including accident and sickness insurance policies, individual and group hospital or medical service plan contracts in this State include coverage for a minimum schedule of mammographic screenings.

Your Committee acknowledges that the use of mammogram screening has proven to be an effective means for early detection of breast cancer. This measure will have long-range benefits to all of Hawaii's residents by reducing breast cancer mortality and reducing major costs to the patient and the insurer. Your Committee concurs that at present the uninsured cost of a screening mammogram is a deterrent for a majority of women. When this coverage is implemented the Legislative Auditor's Study shows that the increase in the monthly premium of all adult members would only be about 41 cents.

Your Committee heard testimony in support of this bill from representatives of the following organizations: the Department of Health, Queen's Medical Center, Hawaii Medical Association, Kapiolani Medical Center for Woman and Children, Executive Office on Aging, American Cancer Society-Hawaii Pacific Division, Inc., American Association of University Women, Hawaii Federation of Business and Professional Women's Clubs, Inc. and the American Association of Retired Persons. Hawaii Medical Service Association, and the law firm of Carlsmith, Wichman, Case, Mukai and Ichiki did not oppose or support the bill but rather offered testimony suggesting amendments to the bill.

The Hawaii Medical Service Association expressed its concern over amendments for cost control measures in the bill which would ensure that the service could be provided at an affordable cost. Your Committee feels that it is the intent of this legislation to provide increased accessibility to mammogram screening and the language regarding deductible payments throughout the bill have the potential to place tremendous financial barriers to women. Your Committee has effected amendments to the bill to provide as follows:

1. Clarified the language wherever stated as [shall not be exempt from] to are subject to.
2. Eliminate the term "high volume" provider as a high volume provider may not always provide the lowest cost.
3. Changes the requirement that the Director of Health must approve contracts with providers to subject to the review of the Director of Health.
4. Clarify that the Director of Health shall modify the age and frequency guidelines which define the coverage, if warranted.
5. Delete the language [deductible] throughout the bill with regard to insurance payment provisions.

Your Committee has noted the concerns raised by a testifier that this bill requires all supplemental policy carriers to provide mammographic examinations. Your Committee is unable to recommend amendments at this time due to lack of acceptance to the language suggested. The language provided appeared too broad and inappropriate in keeping with the spirit of the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1398, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1398, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 950-90

Health on S.B. No. 1630

The purpose of this bill is to establish a two (2) year pilot project to provide for the autonomous operation of Maui Memorial and Hilo Hospitals.

Your Committee received testimony in support of the intent of this bill from the State Health Planning and Development Agency, Department of Health, and community representatives, in that the bill seeks to make community hospitals more responsive to community needs. However, the Department of Health, and the community members indicated concern with the current language and proposed amendments to strengthen the directive to the Department of Health in establishing the pilot project.

Your Committee has adopted the recommendations of the Department of Health by making the following amendments:

- a. Section 2 has been changed to indicate that the Department of Health is mandated to initiate a pilot project for the autonomous operation of Maui Memorial Hospital, and is mandated the option of initiating such a pilot project at Hilo Hospital.
- b. Sections 3 has been amended by inserting the introductory phrase: "Healthcare objectives" at the beginning of the section.
- c. Section 4 has been amended by inserting the introductory phrase: "Waiver of policies, rules or procedures."
- d. Section 5 has been amended by inserting the word: "Rules."
- e. Section 6 has been amended by inserting the phrase: "Maui Memorial and Hilo Hospitals exempted from certain laws." at the beginning of the section.
- f. Section 8 has been renumbered to Section "7" and has been amended by inserting the word "Employees." at the beginning of the section.

- g. Section 9 has been renumbered to Section "8" and has been amended by inserting the word "Report." at the beginning of the section.

These amendments have been made for the purpose of clarifying the pertinent sections.

- h. Section 7 has been deleted as the intent of this section is contained in the amendment made for Section 2.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1630, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1630, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 951-90 Health on S.B. No. 2432

The purpose of this bill is to establish a representative payee agency within the Department of Health which would provide for the certification and designation of representatives to handle all financial matters for developmentally disabled or mentally retarded persons as defined in Section 333F-1, Hawaii Revised Statutes.

Your Committee received testimony in support of the intent of this bill from the Department of Health, the Institute of Human Services, Inc., the Office of United Self-Help, the Mental Health Association of Hawaii, the Hawaii Mental Health Consumer Council, and the Protection and Advocacy Agency of Hawaii.

The testimony indicated the need to amend the scope of the bill to include only mentally ill persons and persons suffering from substance abuse.

The testimony also indicated the need for clarification on many issues, including:

- (1) Whether certification of representative payees is appropriate, and if so, whether all representative payees should be subject to the certification process; and
- (2) Whether the Department of Health is the proper agency to implement the bill.

Additionally, the testimony indicated concern about the absence of an appropriation to cover the costs of implementing the proposed representative payee services.

Based on the foregoing testimony, your Committee has amended the bill by replacing the substance thereof with language establishing a representative payee program, within the Department of Health, for mentally ill persons and persons suffering from substance abuse, and directing that the Department of Health, in developing the program, consider the following:

- (1) Services to the neighbor islands;
- (2) Training for representative payees;
- (3) Representative payees for care home residents;
- (4) Representative payees for homeless persons;
- (5) The use of case managers as representative payees; and
- (6) The development and implementation of an inter-agency working agreement with the Department of Human Services to carry out the purposes of the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2432, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2432, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 952-90 Health on S.B. No. 3209

The purpose of this bill is to create a new chapter in the Hawaii Revised Statutes to provide for the regulation and licensing of nurse aides.

Your Committee received testimony in support of this bill from the Department of Health, the Hawaii Nurses' Association, the Healthcare Association of Hawaii, the Department of Commerce and Consumer Affairs, the Hawaii Long Term Care Association, and the Founders Group of the Kokua Council for Senior Citizens of Hawaii.

The Department of Health testified that the Omnibus Budget Reconciliation Act (OBRA) as amended by the Nursing Home Reform Act of 1988 mandates that nurse aides working in intermediate care facilities and skilled nursing facilities must be certified as having completed a State-approved nurse aide training course and competency evaluation, or competency evaluation which meets, at minimum, the requirements of OBRA. These federal certification requirements

must be met in order for the foregoing facilities to participate in the Medicare and Medicaid programs. This bill provides the necessary means for compliance with these federal requirements.

The Department of Commerce and Consumer Affairs testified that this bill purposely does not contain specific criteria and standards regarding the certification and regulation of nurse aides because federal regulations will be adopted which, with the standards set forth in the federal law, will provide the heart and substance of the certification scheme.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3209, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 953-90 Health and Human Services on S.B. No. 3509

The purpose of this bill is to require that persons liable for emergency examination or involuntary hospitalization costs incurred at a psychiatric facility deriving more than fifty percent of its revenues from the general fund of the State or a psychiatric facility under State or county jurisdiction make reasonable efforts to utilize private insurance, medicare, or medicaid benefits to offset those costs.

The Department of Health submitted testimony in support of this bill.

Your Committees find that follow-up is needed in order to ensure that persons who have incurred the aforementioned costs, apply for available insurance coverage, including, in particular, medicaid or medicare.

Accordingly, your Committees have amended the bill by adding language which directs the court to require that case managers encourage the aforementioned persons to apply for available insurance coverage, including medicare and medicaid, and provide assistance to these persons in their efforts to apply for such coverage.

It is your Committees' intent that the Department of Human Services assist the Department of Health in its efforts to ensure that applications for medicare and medicaid are made pursuant to the purposes of this bill.

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 3509, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3509, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives M. Ige, Peters and Tam.

SCRep. 954-90 Health and Agriculture on S.B. No. 2784

The purpose of this bill is to implement the recommendations of the animal quarantine task force regarding a comprehensive, statewide rabies awareness program. Specifically:

1. Increase the public's understanding of rabies and how it is transmitted;
2. Explain the role of the World Health Organization and other international, federal, and state programs in monitoring and controlling the spread of rabies;
3. Emphasize the importance of Hawaii's "specified rabies-free status" and how the relinquishment of this status could create public health repercussions of international proportions, and
4. Conduct a one-year, statewide rabies research and planning study to collect baseline animal serological data.

Your Committees received testimony from the Department of Health, Department of Agriculture, a member of the Interim Task Force to Study the State of Hawaii's Animal Quarantine System, All Pets Clinic-Waipahu, Inc., Veterinary Consultation Services, Aloha Animal Hospital, Inc., University Pet Clinic, Inc., Jensen Clinic For Pets and Birds, Inc., Hawaiian Humane Society and various individuals.

The Department of Health in their testimony noted that the requirement of doing a serosurvey on stray dogs and cats should be deleted, since no accurate vaccine history can be obtained for such animals. The focus of the rabies serosurvey will be on mongooses and dogs and cats entering the quarantine system. They also informed the Committees that the Centers For Disease Control in Atlanta, Georgia has agreed to do assist the State in testing of these samples at no cost to the State.

Your Committees would like to provide that the Department of Health will focus its serosurvey testing for the Island of Kauai to bats as this would be the species to potentially carry rabies as there are no mongooses reported on this island.

Your Committees have restored the funding for the serosurvey and the educational program. Your Committees is in agreement that the educational program will focus on rabies and other diseases affecting animals in the quarantine station. Your Committees believe that it is important that this educational program also be focused on the neighbor islands.

Your Committees have effected amendments to the bill to provide for the additional funding and deletion of serosurvey testing of stray animals.

Your Committees on Health and Agriculture are in accord with the intent and purpose of S.B. No. 2784, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2784, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Apo, Hashimoto and M. Ige.

SCRep. 955-90**Human Services and Health on S.B. No. 2906**

The purpose of this bill is to amend the Hawaii Revised Statutes, Chapter 42 procedures for the review of grants, subsidies, and purchases of service to improve the process and to establish a mechanism for the continuous review of the process.

Your Committees heard testimony in support of this bill from representatives of the following organizations: Rehabilitation Facilities of Hawaii, Inc., Maui Non-Profit Executive Directors Association, Commission on Persons With Disabilities, State Planning Council on Developmental Disabilities, Catholic Charities of the Diocese of Honolulu, Department of Budget and Finance, Kapiolani Medical Center for Women and Children, Goodwill Industries of Honolulu, Inc. and the Governor's Sub-Cabinet Task Force on Human Services/Resources. The State Attorney General's office submitted written testimony solely for the purpose of pointing out an ambiguity in the bill.

Your Committees after much deliberation and review have made the following amendments to this bill according to the following areas:

1. Interim Contract extension: As recommended by the Department of Budget and Finance we have amended the extension from four to three months to conform with the budget allocation system.
2. Public Input Amendment: Your Committees find that it is often the case that departments do not have the time or personnel to gain a complete picture of what services are needed in the community, and that input from both private providers and consumers would be helpful in developing requests for proposals and in later helping to evaluate the responses. Often there are gaps or duplications because different departments issue Request for Proposal on the same services, and private organizations seek support from different departments. Adding an element of additional advice to the departments can enhance the quality of the departmental budgetary planning process. Your Committees believe that the Department of Budget and Finance, in working with the various departments, should encourage them to involve providers and consumers, as these are often the "eyes and ears" of the system. In the case of substance abuse, for example, departments rely almost exclusively on non-profits to deliver services. They represent not only an "arm" of the State, but also the best informed part of the system. It only makes sense that these be included in the process. Thus, your Committees have added the phrase "provisions for the intent of service providers and consumers in the process," to subsection (d) of section 42-4.
2. Deletion of Review by the Attorney General: Your Committees find that this section is unnecessary. It only encourages an uneven and sometimes overzealous review of contracts which second guesses departmental oversight in development of the scope of services. In addition, funding for these programs is always included in the budget documents, which have boilerplate assertions of public purpose and legislative intent. Accordingly, your Committees deleted section 42.8(c).
3. Boilerplate contracts: Your Committees find that encouraging the development of a simplified boilerplate contract for approved Chapter 42 funding would streamline the system. And encourage the providers to plan for their needs more clearly before funding is appropriated. It would also remove the need in many cases for an elaborate renegotiation of contracts after the legislature appropriates the funds. This is not intended to remove the flexibility already in the system, but rather to remove unnecessary and cumbersome red tape in the drafting and execution of contracts. These contracts have already been approved by the administration in principle, and then by the legislature through an appropriation. It is possible that these simplified boilerplate contracts could be incorporated into the original Chapter 42 application forms so that the applicants would be in reality creating a proposed contract which already has the generic approval form of the attorney general. While this will not completely eliminate the need for legal review before execution, it should reduce the time needed to develop and then execute a contract after the legislative session. Therefore, your Committees have inserted the appropriate language into Section 42-8.

Your Committees recognize that this will not cover all contracts, such as those for appropriations added by the legislature, but it should be very helpful for those solicited and approved by the department, and then funded by the legislature in accordance with the departmental recommendations.

3. Interest Payments: Your Committees find that the first sentence in Section 42-8D which deals with interest payments is confusing and overlaps with the second sentence which deals with payments. We have combined the two, believing that submission of the documentation for whatever expenses incurred in delivering services without an unexecuted contract would be reimbursed. We note that the earlier provision of the bill providing for an extension of existing contracts should reduce the probability of this necessity.

Your Committees on Human Services and Health are in accord with the intent and purpose of S.B. No. 2906, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2906, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives M. Ige, Peters and Tam.

SCRep. 956-90 Health and Judiciary on S.B. No. 2356

The purpose of this bill is to establish an emergency response trauma program to provide psychological assistance to persons and communities impacted by a catastrophic events.

Your Committees heard testimony from the Department of Health, Hawaii Psychological Association and the University of Hawaii-Kapiolani Community College-Emergency Medical Services Department in support of this bill.

Your Committees are in agreement that there is a need for a trained, experienced cadre of individuals able to respond to the needs of citizens and visitors in the wake of disaster. A commitment to this program will allow the Department of Health to address the often widespread trauma associated with the occurrence of catastrophic events.

Your Committees are in agreement that this bill needs to provide all emergency response personnel involved in the disaster critical incident stress debriefing and a psychological assistance program for other persons and communities impacted. It is felt that this will allow for a more thorough and systematic approach in responding to incidents. Your Committees have reflected these changes in the language of the bill by including all emergency response personnel as recipients.

Your Committees on Health and Judiciary are in accord with the intent and purpose of S.B. No. 2356, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2356, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Andrews, Bellinger, Cachola, M. Ige and Yoshimura.

SCRep. 957-90 Economic Development and Hawaiian Affairs on S.B. No. 2764

The purpose of this bill is to prohibit the launching of weapons of destruction or of significant amounts of radioactive material from any launch site developed in the State.

Your Committee has amended this bill to clarify the types of payloads to be prohibited. This prohibition is intended to prevent the launching of waste nuclear material and of satellites using nuclear reactors or radioactivity-based power sources, such as the radioisotope thermoelectric generators used in satellites on deep space missions. Your Committee does not intend that this bill prevent the launching of payloads which use small amounts of radioactive material for calibration of scientific instruments or other research purposes.

Your Committee received testimony concerning the definition of weapons of destruction. By weapons of destruction your Committee intends to prohibit both nuclear and non-nuclear weapons, components of weapons systems that are assembled in space, and satellites that directly control ground-based weapons. Your Committee does not intend to prohibit the launching of all payloads having military applications. For example, research payloads or information-gathering satellites launched for the military are not objectionable.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2764, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2764, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Andrews, Apo, Bellinger, Bunda, Hiraki, Honda, Isbell and O'Kieffe.

SCRep. 958-90 Intergovernmental Relations and International Affairs on S.B. No. 3233

The purpose of this bill is to rename the Stadium Authority to the Hawaii Sports Authority, and to expand the duties and functions of the newly created Hawaii sports authority. This bill also creates a Hawaii sports facility revolving fund and authorizes the sports authority to issue revenue bonds for the purposes of financing sports project developments.

Your Committee finds that it is the intent of this measure create a new state entity, and that such intent warrants the addition of a new chapter to the Hawaii Revised Statutes, rather than simply amending the existing statutes which govern the Stadium Authority. Accordingly, your Committee has amended the bill to repeal Chapter 109, and to create a new chapter which governs the newly created Hawaii Sports Authority.

Testimony indicated that a revolving fund would create unnecessary hardship for the Authority, and that a special account similar to the Stadium Special Account would be more feasible for the proposed activities of the Authority. Your Committee has therefore amended the bill to provide for a Hawaii sports facility special account.

Your Committee has also amended the effective date to July 1, 1991, to reflect a more realistic, gradual implementation of the provisions of this bill.

It is your Committee's intent that the Hawaii sports authority eventually be responsible for promoting sports, and the development of sports activities and facilities. However, your Committee finds that it is currently the responsibility of the Department of Business and Economic Development (DBED) to create, support, and market sports events, and that the efforts of DBED have attracted a number of new, high-visibility events to the state. Your Committee does not wish to transfer this responsibility to the detriment of existing activities, and finds that it would be most prudent to allow DBED

to continue its efforts until the task of promotion and development can be effectively implemented by the Hawaii Sports Authority. Testimony indicated that the effective transfer of such responsibility will take a transition period of three years.

As a result of the foregoing considerations, your Committee has amended the bill to require the Hawaii Sports Authority to report its plans for promoting sports and the development of sporting activities and facilities to the legislature prior to the 1993 session. This amendment would provide the department of business and economic development and the Hawaii Sports Authority with a reasonable transition period, and it would allow the legislature to evaluate the feasibility of transferring the responsibility for sports promotion and development to the Hawaii Sports Authority at that time.

Your Committee has also amended the bill to provide for the transfer of the employees and officers of the stadium authority, and has amended the bill to appropriate \$1 for the purposes of continued discussion.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and the Department of Business and Economic Development.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 3233, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3233, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 959-90 Intergovernmental Relations and International Affairs on S.B. No. 2811

The purpose of this bill is to authorize the county liquor commissions to request criminal history record information from the Hawaii Criminal Justice Data Center on applicants for liquor licenses. The bill also provides for fingerprinting of liquor license applicants in order that a national criminal history record search may be conducted by the Federal Bureau of Investigation (FBI).

Your Committee finds that under Chapter 281, H.R.S., the liquor commission may not issue a license to anyone convicted of a felony and not pardoned; or to anyone who is not a fit and proper person to have a liquor license. However, the current provisions of Chapter 286 prevent the Commission from verifying any information given by the liquor license applicant.

This bill would enable the liquor commissions to carry out their legislative mandate of properly issuing liquor licenses.

Testimony was received in support of this measure from the Hawaii Criminal Justice Data Center of the Department of the Attorney General, and the City and County of Honolulu Liquor Commission.

Your Committee has made a technical, non-substantive amendment to correct a typographical error.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 2811, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2811, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 960-90 Intergovernmental Relations and International Affairs on S.B. No. 3292

The purpose of this bill is to provide for an infrastructure financing alternative by authorizing the counties to establish community facilities districts and to levy a special tax on property located in a district to finance improvements, maintenance, and services. This bill also authorizes the counties to engage in special tax bond financing.

Your Committee finds that the cost for developing and maintaining infrastructure and community facility improvements has risen with the State's population growth. Infrastructure is crucial to the quality of life of the people of Hawaii and to the long-term success of our economy. The burgeoning population and increased demand on existing county facilities has necessitated that the counties seek alternative revenues to meet this burden.

Your Committee has consistently endorsed measures which would provide the counties with alternative mechanisms for funding their infrastructure needs. This bill would present the counties with a creative and flexible means of financing improvements for both infrastructure and community facilities alike, in a timely and responsive manner.

Your Committee received favorable testimony from the Housing Finance and Development Corporation of the State of Hawaii, the Department of Finance of the County of Hawaii, the Chamber of Commerce of Hawaii, and Foley, Maehara, Judge, Nip & Chang.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 3292, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 961-90 Intergovernmental Relations and International Affairs on S.B. No. 3311

The purpose of this bill is to appropriate funds in fiscal year 1990-1991 for the improvement of fire protection facilities in the counties of Hawaii, Maui, Kauai, and the City and County of Honolulu.

Your Committee finds that a major portion of the State's water system was constructed before the current fire protection standards were adopted. As a result, many areas have substandard fire protection facilities, posing an increased risk to public safety. However, the task of upgrading this system to current standards exceeds the counties' financial ability to expedite these changes over a reasonable time period.

This bill would provide the counties with the financial means to upgrade their deficient fire protection facilities. Specifically, such funds would procure the construction of new water systems and necessary appurtenances in various county areas, thereby enhancing public welfare.

Testimony received in support of this measure by the Board of Water Supply of the City and County of Honolulu, the Department of Water Supply of the County of Maui, the Department of Water Supply of the County of Hawaii, and the Department of Water of the County of Maui.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 3311, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 962-90 Intergovernmental Relations and International Affairs on S.B. No. 3472

The purpose of this bill is to provide the counties with stable and continuing sources of revenue that relate to functions the counties already perform, and to revenue sources already used by the counties. Specifically, the bill would provide the following sources of revenue to the counties:

- (1) A reimbursement to the counties for general excise taxes passed on to them by vendors;
- (2) Sharing with the counties an unspecified portion of the public service companies (PSC) tax;
- (3) Transfer to the counties animal fines and forfeitures relating to dog licenses; and
- (4) Transfer all traffic fines and forfeitures, less administrative expenses, to the counties except those issued by the Department of Accounting and General Services.

Your Committee finds that the counties are in need of stable, long term, predictable sources of funding which would enable them to meet their financial needs. Presently, the counties must come before the legislature each year to request financial assistance. This process inhibits the counties from fulfilling the ever-increasing needs for services and infrastructure generated by their citizens. Also, not knowing what funding they will be receiving from year to year, the counties are unable to do any long-range planning.

Your Committee received testimony in support of this measure by the County of Kauai, the Department of Finance of the County of Hawaii, the Department of Finance of the County of Maui, GTE Hawaiian Telephone Company Incorporated, The Gas Company, Hawaiian Electric Industries, Incorporated, a delegation representing The Neighborhood Boards of Oahu, and the Tax Foundation of Hawaii.

Your Committee has amended this bill by deleting its contents and inserting the substance of H.B. No. 3277, H.D. 1, which is substantially similar to S.B. No. 3472, S.D. 2, and which was previously heard by your Committee and amended in the House to reflect the concerns of the testifiers.

Your Committees find that this measure, as amended, would provide the counties with funding mechanisms which are predictable, flexible, and permanent, and which would generate sufficient revenues to meet the needs of the counties. With the additional revenues provided in this bill, the counties would not have to depend on securing state funds every year. They would be given the flexibility and independence to function as responsible, prudent, local governments, including the formulation of long range plans. Further, this measure would provide the counties with funding that is more compatible with their responsibilities and financial needs.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 3472, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3472, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 963-90 Intergovernmental Relations and International Affairs on S.B. No. 2817

The purpose of this bill is to allow special license plates to be issued to residents of Hawaii who are former prisoners of war, Pearl Harbor survivors, and recipients of the Purple Heart.

While your Committee agrees the State should recognize our war veterans for heroic and unselfish service to their country, your Committee finds that this stated purpose is not consistent with the provisions of this bill.

Awarding special license plates to particular groups of veterans based on their heroism and unselfish service to their country excludes many other veterans who demonstrated courage and valor.

While Pearl Harbor survivors and former prisoners of war have distinguished themselves by virtue of their unique experiences, recognizing them on the basis of any extraordinary virtues would be at the expense of other veterans equally virtuous.

Your Committee therefore feels that it would be more appropriate and equitable to recognize these veterans on the basis of their status as Pearl harbor survivors, former prisoners of war, or disabled veterans, as opposed to their conduct.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 2817, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2817, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 964-90 Intergovernmental Relations and International Affairs on S.B. No. 3403

The purpose of this bill is to authorize the counties to provide lifeguard services at state beach parks where the Department of Land and Natural Resources and the affected county agree that these services are needed. This bill also appropriates \$1 to reimburse the counties for providing lifeguard services.

Your Committee finds that lifeguard services at certain state beach parks is warranted due to conditions such as natural safety hazards, the number of swimmers, and other dangerous or unsafe conditions. State beach parks are often among the highest attended beach areas in the State. Assistance to the counties in providing lifeguard services will promote the health, safety, and welfare of the public.

Testimony in support of this measure was received from the Department of Health, the Department of Land and Natural Resources, the Department of Parks and Recreation of the City and County of Honolulu, the City Council of the City and County of Honolulu, and the Kauai Water Safety Task Force.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 3403 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 965-90 Intergovernmental Relations and International Affairs on S.B. No. 2920

The purpose of this bill is to authorize the counties to impose civil fines for any violation of county ordinances or rules.

Your Committee finds that the counties have difficulty dealing with unauthorized encroachments and unauthorized commercial uses in city parks. Authorizing the counties to impose civil fines will enable them to better enforce their ordinances and rules.

Testimony received from the City and County of Honolulu Department of Parks and Recreation supported the intent of this measure. The Department indicated that when violations do occur, it is difficult to obtain court decisions in a timely manner. Both the Department of Public Works of the County of Maui and the Corporation Counsel of the County of Maui also testified in support of this measure.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 2920 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 966-90 Intergovernmental Relations and International Affairs on S.B. No. 2549

The purpose of this bill is to address the concerns of the liquor commissions, the liquor industry, and the general public by significantly strengthening and clarifying the laws relating to intoxicating liquor and by updating liquor laws which are no longer responsive to current community needs.

Your Committee finds that the Honolulu Liquor Commission has made sweeping changes to its policies and procedures in response to concerns expressed by the general public, the liquor industry, and the various liquor commissions. This measure is an attempt to make vital amendments to existing statutes which would allow the liquor commissions to effectively carry out their charge of overseeing and regulating the liquor industry.

This measure is the result of many months of meetings and conferences between the liquor industry, the Liquor Commission staff, and the neighbor island liquor commissions, and your Committee received extensive testimony in support of this bill from representatives of a wide variety of interests within the industry, thereby reaffirming the merit of this measure.

Upon meeting with all concerned parties, and after extensive deliberation of all testimony, your Committee has made the following substantive amendments:

- (1) Amended the definition of "retail licensee" to include any licensee holding a class 2 license;

- (2) Deleted section 6 of the bill, which repealed section 281-15, H.R.S., and renumbered all subsequent sections accordingly;
- (3) Deleted the provision enabling the commission to curtail the hours when an establishment is open for business, with the concurrence of the licensee;
- (4) Provided that a restaurant licensee may, with commission approval, provide off premises catering when such catering activity is directly related to the licensee's operation as a restaurant;
- (5) Amended the language regarding cabaret licenses to provide for five things:
 - (a) A cabaret license shall not authorize nude entertainment, however;
 - (b) Cabarets currently offering nude entertainment may continue to do so;
 - (c) Any cabaret licensees that are not currently providing nude entertainment, but intend to change the nature of the entertainment to allow for nude dancing will be allowed to do so with prior approval by the liquor commission;
 - (d) Prior to June 30, 2010, any transfer of a cabaret license authorizing nude entertainment will continue to authorize such entertainment;
 - (e) After June 30, 2010, upon transfer of a cabaret license authorizing nude entertainment, it shall be the discretion of the liquor commission whether or not to allow the transferee to provide nude entertainment.

Also, replaced all references to "nudity" with "unclothed";

- (6) Replaced reference to "liquor commission administrative officer" with "liquor commission administrator."
- (7) Provided that regulations regarding inducing the purchases of a retail licensee shall not prohibit representatives of manufacturers and wholesalers from creating and maintaining displays and point of purchase sales materials, or from stocking shelves and cold boxes.

Also, replaced reference to "date of delivery" with "date of invoice";

- (8) Deleted section 41, which would make it unlawful for a supplier to enter into an agreement to supply an ingredient exclusively to any manufacturer, rectifier, wholesaler, or distributor if the supplier were the sole supplier of an ingredient required for the manufacture of liquor in the state.

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

As amended, this bill reflects a compromise between and should be agreeable to most concerned and affected parties. Your Committee believes that the amendments proposed in this bill are long overdue, and is assured that the provisions contained herein merit further consideration.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 2549, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2549, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 967-90 Human Services and Health on S.B. No. 2112

The purpose of this bill is to repeal a law enacted in 1869 which authorizes the use of prisoners to remove nuisances.

Your Committees received favorable written testimony from the Department of Corrections and the Department of Health. The testimony reiterates that prisoners of the State Correctional Facilities should not be used to remove nuisances that may expose them to unreasonable hazards.

Your Committees are in agreement with this testimony and find that hazardous nuisances in particular should be handled by personnel skilled in the use of the most appropriate methods and equipment.

Your Committees on Human Services and Health are in accord with the intent and purpose of S.B. No. 2112 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 968-90 Human Services on H.C.R. No. 11

The purpose of this concurrent resolution is to have the Hawaii State Legislature of 1990 support the development of the Silver Legislature in Hawaii by encouraging businesses, foundations, and other private organizations to help fund the program. The concurrent resolution also provides for the use of chambers and meeting rooms at the State Capitol by the members of the Silver Legislature annually, for a period not to exceed one week, at a time that does not interfere with the

use of these facilities by the legislators or the meeting of interim committees. All recommendations formulated by the members of future Silver Legislatures shall be submitted to the Governor of the State of Hawaii, to the leaders of the Hawaii State Legislature and to the Executive Office on Aging at the close of each session.

Your Committee finds that the Silver Legislature program warrants the support and cooperation of the Hawaii State Legislature, and that the program is beneficial for both the members of the Silver Legislature and the Hawaii State Legislature because:

- (1) The program teaches Hawaii's senior citizens the legislative process, and educates them of legislative issues.
- (2) The program provides for recommendations established by senior citizens to be heard by the Governor, and State Legislators.

Your Committee received favorable testimony from the Legislative Education Group, the Hawaii Federation of the National Association of Retired Federal Employees, and the Executive Office on Aging.

Your Committee on Human Services is in accord with the intent and purpose of H.C.R. No. 11, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 969-90 Human Services on H.R. No. 82

The purpose of this resolution is to proclaim 1990 as the "Year of the Family" in order to facilitate the formulation of strategies and provisions of support systems to strengthen the family unit, and to create an environment for families free of the intimidation of drugs, violence, and racial and social discrimination.

Your Committee received favorable written testimony from the Judiciary Department, the Department of Education, the Executive Office on Aging, and the Commission on Persons with Disabilities.

Your Committee agrees that the family is an important component of the State's social fabric, and also agrees that the primacy of the family's role in child-rearing and in the care of the disabled and elderly is a strongly held conviction throughout the State of Hawaii.

Your Committee has amended this resolution by modifying the title to read as follows: "DECLARING 1990 TO 1999 AS THE DECADE OF THE FAMILY."

Your Committee on Human Services is in accord with the intent and purpose of H.R. No. 82, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 82, H.D. 1.

Signed by all members of the Committee.

SCRep. 970-90 Human Services on H.C.R. No. 72

The purpose of this concurrent resolution is to proclaim 1990 as the "Year of the Family" in order to facilitate the formulation of strategies and provisions of support systems to strengthen the family unit, and to create an environment for families free of the intimidation of drugs, violence, and racial and social discrimination.

Your Committee received favorable written testimony from the Judiciary Department, the Department of Education, the Executive Office on Aging, and the Commission on Persons with Disabilities.

Your Committee agrees that the family is an important component of the State's social fabric, and also agrees that the primacy of the family's role in child-rearing and in the care of the disabled and elderly is a strongly held conviction throughout the State of Hawaii.

Your Committee has amended this concurrent resolution by modifying the title to read as follows: "DECLARING 1990 TO 1999 AS THE DECADE OF THE FAMILY."

Your Committee on Human Services is in accord with the intent and purpose of H.C.R. No. 72, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 72, H.D. 1.

Signed by all members of the Committee.

SCRep. 971-90 Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs on H.R. No. 29

The purpose of this measure is to request Congress to provide financial assistance to states attempting to implement tree planting programs, which may help in reducing carbon dioxide levels and mitigate predicted increases in global temperature.

Your Committees received testimony from the Department of Land and Natural Resources supporting the measure and concurring that steps should be taken to reduce global levels of carbon dioxide. Your Committees are also aware that numerous strategies world-wide must be implemented if significant reduction of global carbon dioxide is to occur.

For the purpose of style and clarity, your Committees have amended this measure by changing the title to "REQUESTING CONGRESS TO FUND STATE TREE PLANTING PROGRAMS TO MITIGATE ATMOSPHERIC CARBON DIOXIDE INCREASE AND STIMULATE THE PRODUCTION OF GLOBAL OXYGEN". Your Committees have further amended this resolution by making other technical, non-substantive changes.

Your Committees on Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of H.R. No. 29, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 29, H.D. 1.

Signed by all members of the Committees.

SCRep. 972-90 Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs on H.C.R. No. 20

The purpose of this measure is to request Congress to provide financial assistance to states attempting to implement tree planting programs, which may help in reducing carbon dioxide levels and mitigate predicted increases in global temperature.

Your Committees received testimony from the Department of Land and Natural Resources supporting the measure and concurring that steps should be taken to reduce global levels of carbon dioxide. Your Committees are also aware that numerous strategies world-wide must be implemented if significant reduction of global carbon dioxide is to occur.

For the purpose of style and clarity, your Committees have amended this measure by changing the title to "REQUESTING CONGRESS TO FUND STATE TREE PLANTING PROGRAMS TO MITIGATE ATMOSPHERIC CARBON DIOXIDE INCREASE AND STIMULATE THE PRODUCTION OF GLOBAL OXYGEN". Your Committees have further amended this concurrent resolution by making other technical, non-substantive changes.

Your Committees on Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of H.C.R. No. 20, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 20, H.D. 1.

Signed by all members of the Committees.

SCRep. 973-90 Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs on H.R. No. 37

The purpose of this measure is to urge the Congress of the United States to provide stable and predictable grant funding to enable coastal states to meet CZMA obligations, and to enact legislation ensuring all federal activities directly affecting a state's coastal zone be clearly subject to CZMA consistency review. In addition, this measure also urges Congress to enact federal oil spill legislation that would not preempt state oil spill programs which may be similar or more stringent, and set simple negligence as the standard for damages.

Your Committees received testimony from the office of State Planning (OSP) which suggested language stating that the seaward boundary of the coastal zone is defined as the United States territorial sea in the CZMA; territorial sea of the United States has been extended from 3 to 12 nautical miles, and that confusion exists regarding management responsibilities between the state and Federal governments within the 3 to 12 miles zone of the extended territorial sea. OSP also suggested a provision stating that Congress be urged to include language in the CZMA reauthorization legislation which encourages interested states to cooperatively plan with the Federal government on planning for the extended territorial sea area. Accordingly, your Committees have amended this measure.

Your Committees on Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.R. No. 37, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 37, H.D. 1.

Signed by all members of the Committees.

SCRep. 974-90 Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs on H.C.R. No. 28

The purpose of this measure is to urge the Congress of the United States to provide stable and predictable grant funding to enable coastal states to meet CZMA obligations, and to enact legislation ensuring all federal activities directly affecting a state's coastal zone be clearly subject to CZMA consistency review. In addition, this measure also urges Congress to enact federal oil spill legislation that would not preempt state oil spill programs which may be similar or more stringent, and set simple negligence as the standard for damages.

Your Committees received testimony from the office of State Planning (OSP) which suggested language stating that the seaward boundary of the coastal zone is defined as the United States territorial sea in the CZMA; territorial sea of the United States has been extended from 3 to 12 nautical miles, and that confusion exists regarding management responsibilities between the state and Federal governments within the 3 to 12 miles zone of the extended territorial sea. OSP also suggested a provision stating that Congress be urged to include language in the CZMA reauthorization legislation which encourages interested states to cooperatively plan with the Federal government on planning for the extended territorial sea area. Accordingly, your Committees have amended this measure.

Your Committees on Planning, Energy and Environmental Protection and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.C.R. No. 28, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 28, H.D. 1.

Signed by all members of the Committees.

SCRep. 975-90 Health on S.B. No. 3111

The purpose of this bill is to authorize the use of Waimano Training School and Hospital for respite care.

This bill makes available Waimano Training School and Hospital for respite care to eligible clients in the community and for whom respite care in community settings is unavailable. It is anticipated that there will be deinstitutionalization or diversion from institutionalization of another eighty individuals within the next two years. This will impact greatly on the already tight spaces available for respite care. The language of the bill clearly states that Waimano is to be the last resort for sites of services chosen.

Your Committee received testimony in support of this measure from the Department of Health, the State Planning Council on Developmental Disabilities, the Kapiolani Medical Center for Women and Children, and the Commission on Persons with Disabilities. Testifiers raised the issue on the sunset clause of 1995. It was noted that it might be unrealistic to expect that there would be a viable resource pool of community based respite care programs by 1995. It was felt that since the language of the bill is quite clear on the last resort use of the Waimano facility for respite care, the sunset clause will actually limit the available resources to families and community care providers.

Your Committee has amended this bill by changing Section 6 to allow the bill to take effect upon approval.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3111, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3111, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 976-90 Health on S.B. No. 2141

The purpose of this bill is to amend Section 329-1, Hawaii Revised Statutes, by amending the definition of "anabolic steroid" to include additional substances or their isomers, esters, salts, or derivatives that act in the same manner on the human body.

Your Committee heard testimony in support of this measure from the Office of the State Attorney General and the Department of Health.

Your Committee finds that amending the present definition of "anabolic steroid" will make for a more complete and accurate definition, thus strengthening the existing statute.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2141 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 977-90 Economic Development and Hawaiian Affairs on S.B. No. 2700

The purpose of this bill is to amend Section 204, Hawaiian Homes Commission Act, 1920, as amended, to empower the Department of Hawaiian Home Lands to manage and dispose of the lands it acquires via land purchase, condemnation or as a gift.

Section 203 of the Hawaiian Homes Commission Act, 1920, as amended, specifies that lands acquired by the Department of Hawaiian Home Lands through a land exchange shall be given the same status as "Hawaiian Home Lands" and managed and disposed of in the same manner. However, at the present time, lands acquired through other means do not carry the same status as those designated as "Hawaiian Home Lands". Therefore, the Department does not have the authority to manage or dispose of these lands as they do "Hawaiian Home Lands". This bill provides them with that flexibility.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2700, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Apo.

SCRep. 978-90 Finance on S.B. No. 2969 (Majority)

The purpose of this bill is to change the titles of the Stadium Manager and Deputy Manager to Director and Deputy Director and to provide that the level of compensation received by persons in these positions will be consistent with that of department heads and deputy directors.

This bill also allows for the appointment of an additional Deputy Director to the Stadium Authority.

Upon further consideration, your Committee has amended the bill to delete the position of a second Deputy Director. Other technical, nonsubstantive amendments have been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2969, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2969, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 979-90 Finance on S.B. No. 3122

The purpose of this bill is to allow certifications of total disability for state income tax purposes to be obtained from qualified out-of-state licensed physicians.

Your Committee received testimony in support of this bill from the Department of Taxation and the Tax Foundation of Hawaii.

Under current law, certain tax benefits are available to persons who are totally disabled. However, to take advantage of these benefits, a person's total disability must be certified by a qualified physician, licensed under Chapter 453 or 460 of the Hawaii Revised Statutes. As a result, the Department of Taxation has had to deny benefits to persons because their total disability status was certified by out-of-state licensed physicians or commissioned medical officers of the military.

Your Committee finds that this bill will eliminate a restriction from the current law which has impeded totally disabled persons from qualifying for their tax benefits.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3122, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 980-90 Finance on S.B. No. 3114

The purpose of this bill is to conform Hawaii's income tax law to the changes in the Internal Revenue Code made by Congress in 1989.

Your Committee received testimony from the Department of Taxation and the Tax Foundation of Hawaii that conformity between State and Federal income tax laws simplifies taxpayer compliance and eases administration of the law by the State.

This bill includes provisions which:

- (1) Clarify that the concept of a child "having no gross income" only applies for the purpose of electing to include minor children's unearned income on the tax return of the parents and eliminating the return of the child;
- (2) Extend the low-income housing credit through 1990 and broaden the scope of the credit;
- (3) Permanently exempt mutual fund shareholder expenses from the two per cent miscellaneous deductions floor;
- (4) Repeal the completed-contract method of accounting; and
- (5) Tighten certain interest paid exclusion restrictions involving employee stock ownership plan loans.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3114 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 981-90 Finance on S.B. No. 3116

The purpose of this bill is to incorporate the Model S Corporation State Income Act (Model Act) into Hawaii's net income tax law to simplify taxpayer compliance and administration and to ensure that nonresident individuals pay taxes on income generated in Hawaii.

The Model Act is an attempt to standardize the income tax treatment of S corporations among the various states. Under the Model Act, a valid S corporation election for federal purposes would be effective for Hawaii income tax

purposes. No separate election for Hawaii purposes, as is presently required, would be necessary. Also, the election would not be restricted to Hawaii corporations. This provision would simplify filing requirements for foreign (non-Hawaii) corporations who presently must follow two different sets of rules and would eliminate a possibly discriminatory application of our present law.

Another provision of the Model Act requires S corporations having nonresident shareholders to obtain an agreement from each nonresident shareholder that the shareholder shall file a Hawaii return and make timely payment of all taxes imposed by the State with respect to the shareholder's share of the S corporation's Hawaii income. The agreement subjects nonresident shareholders to personal jurisdiction in this State for purposes of the collection of unpaid income tax together with related interest and penalties. In the absence of the timely filing of such agreements, the corporation shall pay to the State on behalf of each nonresident shareholder an amount equal to the highest marginal tax rate imposed on individuals multiplied by the shareholder's share of the corporation's Hawaii income. This provision will put these shareholders on notice that Hawaii taxes are due and will encourage their filing of Hawaii returns to receive credits for the amounts paid on their behalf by the corporation as well as other credits to which they may be entitled.

Your Committee received testimony from the Department of Taxation in favor of the bill. Testimony was also received from the Tax Foundation of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of S.b. No. 3116, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 982-90 Higher Education and the Arts on H.R. No. 91

The purpose of this resolution is to urge the University of Hawaii to immediately address the issues regarding the identity and mission of the Hawaii Community College, as well as all other issues relative to the proposed structural reorganization of UH-Hilo.

Testimony in favor of the resolution was submitted by the Board of regents for the University of Hawaii. According to the testimony submitted, the Board of Regents had planned to address the issue at an upcoming meeting, and will submit a report in accordance with the resolution.

Your Committee finds that a report on proposals to structurally reorganize the institution will alleviate some of the concerns raised as to the perceived lack of progress the University has thus far made regarding the identity and mission of the Hawaii Community College.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.R. No. 91 and recommends its adoption.

Signed by all members of the Committee except Representatives Apo and Hemmings.

SCRep. 983-90 Higher Education and the Arts on H.C.R. No. 77

The purpose of this concurrent resolution is to urge the University of Hawaii to immediately address the issues regarding the identity and mission of the Hawaii Community College, as well as all other issues relative to the proposed structural reorganization of UH-Hilo.

Testimony in favor of the concurrent resolution was submitted by the Board of regents for the University of Hawaii. According to the testimony submitted, the Board of Regents had planned to address the issue at an upcoming meeting, and will submit a report in accordance with the concurrent resolution.

Your Committee finds that a report on proposals to structurally reorganize the institution will alleviate some of the concerns raised as to the perceived lack of progress the University has thus far made regarding the identity and mission of the Hawaii Community College.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.C.R. No. 77 and recommends its adoption.

Signed by all members of the Committee except Representatives Apo and Hemmings.

SCRep. 984-90 Finance on H.R. No. 124

The purpose of this resolution is to request the Department of Taxation to investigate the system of state income tax credits and to recommend ways that the system can be simplified, including the consolidation of the several tax credits targeted at general excise tax relief.

The number of tax credits that a taxpayer may claim for the purposes of the state income tax continues to expand. Your Committee notes, for example, that there currently exists no fewer than eleven income tax credits available to individual taxpayers, including the excise tax credit, the medical services excise tax credit, the general income tax credit, the food tax credit, the capital goods excise tax credit, the child care credit, the low-income renters credit, and the child car seat credit.

Your Committee finds that the possible consolidation of tax credits and the simplification of existing tax forms would help relieve the taxpayer of the present cumbersome and time-consuming task of filing a state income tax return.

Your Committee received testimony from the Director of the Department of Taxation stating that the Department was not opposed to the adoption of this resolution.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 124 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 985-90 Finance on H.C.R. No. 112

The purpose of this concurrent resolution is to request the Department of Taxation to investigate the system of state income tax credits and to recommend ways that the system can be simplified, including the consolidation of the several tax credits targeted at general excise tax relief.

The number of tax credits that a taxpayer may claim for the purposes of the state income tax continues to expand. Your Committee notes, for example, that there currently exists no fewer than eleven income tax credits available to individual taxpayers, including the excise tax credit, the medical services excise tax credit, the general income tax credit, the food tax credit, the capital goods excise tax credit, the child care credit, the low-income renters credit, and the child car seat credit.

Your Committee finds that the possible consolidation of tax credits and the simplification of existing tax forms would help relieve the taxpayer of the present cumbersome and time-consuming task of filing a state income tax return.

Your Committee received testimony from the Director of the Department of Taxation stating that the Department was not opposed to the adoption of this concurrent resolution.

Your Committee on Finance concurs with the intent and purpose of H.C.R. No. 112 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 986-90 Legislative Management on S.B. No. 2668

The purpose of this bill is to repeal the statutory provision that requires the Legislative Auditor to serve as the liaison between the Legislature and the federal government.

In its study of the Auditor's Office, the National Conference of State Legislatures (NCSL) found that the Auditor's Office has not served in the capacity of federal liaison since the Legislature has not specified its requirements.

The NCSL study also observed that it is highly unusual to require a legislative auditor to serve as a liaison between the State and federal government. Your Committee finds that this provision should be repealed to clarify the Auditor's actual duties.

Your Committee received testimony from the Acting Legislative Auditor in support of this measure.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 2668 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 987-90 Water and Land Use and Economic Development and Hawaiian Affairs on S.B. No. 2711

The purpose of this bill is to augment current procedures relating to the care and protection of cemetery burial sites by requiring the Department of Land and Natural Resources (DLNR) to consent to the removal or redesignation of a cemetery if the cemetery has existed for more than fifty years.

According to the DLNR, the Hawaii State Historic Preservation Office has recognized the need to protect and identify historic cemeteries and has used some federal historic preservation grant-in-aid moneys to prepare an inventory of all those on Oahu. Similar inventories are taking place on Maui and Kauai, and one is being planned for the island of Hawaii.

The DLNR testified in support of this bill and stated that it believes that the additional responsibilities imposed by the bill can be assumed by existing staff and operating costs.

Your Committees on Water and Land Use and Economic Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 2711 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 988-90 Human Services and Housing on S.B. No. 3151

The purpose of this bill is to require that tenants receiving the benefit of rent supplements under Part VI of Chapter 359, Hawaii Revised Statutes, be residents or intend to be residents of the State. The bill implements the recommendations of the Office of the Legislative Auditor in its January 1990 report to the Governor and Legislature entitled, "Audit of the Rent Supplement Program of the Hawaii Housing Authority".

Testimony in support of this measure was submitted by the Hawaii Housing Authority.

Based on the opinion of the Department of the Attorney General, your Committees were informed that because the State rent supplement program is entirely funded by the State, it would not be unconstitutional to require that in order to qualify for the program, a tenant's primary place of residence shall be the State of Hawaii.

Your Committees, therefore, have amended this bill to require that all tenants who receive State rent supplement benefits shall have their primary place of residence in the State of Hawaii or intend to make the State of Hawaii their primary place of residence.

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

Your Committees on Human Services and Housing are in accord with the intent and purpose of S.B. No. 3151, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3151, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 989-90 Transportation on H.R. No. 210

The purpose of this resolution is to study the feasibility of implementing a computerized system of registration utilizing computerized registration decals similar to the system currently in use in New York State.

Your Committee received testimony from the Director of Finance, City and County of Honolulu in opposition to this resolution.

Your Committee finds that motorcycle training programs do not exist on the neighbor islands thereby making it difficult for motorcyclists to obtain insurance without attending a licensed safety course. Not all of these individuals are able to travel to Oahu to complete this course on three consecutive weekends. This leaves many with little choice but to ride their motorcycles with a learner's permit or to utilize an uninsured bike. As a result, about 75% of the motorcycle accidents reported involve uninsured motorcycles or motorcyclists with learner's permits only.

Your Committee has substantially amended this resolution to request the Employment Training Office of the University of Hawaii to study the feasibility of expanding the motorcycle training program to the neighbor islands.

Your Committee on Transportation is in accord with the intent and purpose of H.R. No. 210, as amended herein, and recommends that it be recommitted to the Committee on Transportation, for the purpose of holding a public hearing thereon, in the form attached hereto as H.R. No. 210, H.D. 1.

Signed by all members of the Committee.

SCRep. 990-90 Transportation on H.C.R. No. 200

The purpose of this concurrent resolution is to study the feasibility of implementing a computerized system of registration utilizing computerized registration decals similar to the system currently in use in New York State.

Your Committee received testimony from the Director of Finance, City and County of Honolulu in opposition to this concurrent resolution.

Your Committee finds that motorcycle training programs do not exist on the neighbor islands thereby making it difficult for motorcyclists to obtain insurance without attending a licensed safety course. Not all of these individuals are able to travel to Oahu to complete this course on three consecutive weekends. This leaves many with little choice but to ride their motorcycles with a learner's permit or to utilize an uninsured bike. As a result, about 75% of the motorcycle accidents reported involve uninsured motorcycles or motorcyclists with learner's permits only.

Your Committee has substantially amended this concurrent resolution to request the Employment Training Office of the University of Hawaii to study the feasibility of expanding the motorcycle training program to the neighbor islands.

Your Committee on Transportation is in accord with the intent and purpose of H.C.R. No. 200, as amended herein, and recommends that it be recommitted to the Committee on Transportation, for the purpose of holding a public hearing thereon, in the form attached hereto as H.C.R. No. 200, H.D. 1.

Signed by all members of the Committee.

SCRep. 991-90 Transportation and Water and Land Use on H.C.R. No. 40

The purpose of this concurrent resolution is to facilitate the development of an industrial park on public lands under the jurisdiction of the Department of Transportation in the Keehi Lagoon area. This concurrent resolution requests the Governor to transfer jurisdiction over these lands to the Board of Land and Natural Resources which, under the law, is assigned the responsibility to develop and maintain industrial parks.

Your Committees find that Hawaii's law relating to industrial parks was established to ensure and encourage the development of industrial parks in an orderly and efficient manner. The benefits of this law are already evident in the Sand Island area where an industrial park has been designated by the State. Your Committees find that the tenants of the Keehi Lagoon industrial area could benefit similarly under the law, provided that the Board of Land and Natural Resources is provided clear authority to establish an industrial park in the area.

Your Committees were informed that the annual income generated out of the revenues of the area in question is currently part of the revenues pledged to secure the outstanding and future debt of harbor revenue bonds of the Department of Transportation. Because of this problem, the Department of Transportation suggested the development of a maritime industrial park which would fall under the jurisdiction of that department. Although this suggestion presents an alternative, your Committees find that the department's authority to implement such a proposal does not exist under the law. The definition of a maritime industrial park would result in the displacement of most of the current tenants of the area.

In this regard, your Committees have amended this concurrent resolution to resolve that the transfer of the lands be contingent upon the development of an appropriate mechanism to safeguard the covenants and conditions of the bonds issued, and to resolve that the Director of Budget and Finance act to facilitate this transfer without interfering with the Department of Transportation's bond covenants.

Your Committees have also suggested, as an alternative to the foregoing, the possibility of consummating a land exchange agreement, provided that the covenants of the harbor revenue bonds are not jeopardized.

Your Committees have further amended this concurrent resolution to ensure that the interests of the tenants currently operating in the area subject to the transfer are properly protected and addressed. Your Committees have also amended this concurrent resolution by inserting a stipulation that these tenants be allowed the right of first refusal to develop their properties under the conditions of the industrial park law.

Your Committees on Transportation and Water and Land Use concur with the intent and purpose of H.C.R. No. 40, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 40, H.D. 1.

Signed by all members of the Committees.

SCRep. 992-90

Agriculture on S.B. No. 2475

The purpose of this bill is to modify the restrictions placed on assignments of leases issued under Chapter 171 (Public Lands) and Chapter 166 (Agricultural Parks), Hawaii Revised Statutes (HRS), to protect the lending institutions' security and equity positions on mortgages for loans secured by leasehold interest in State lands.

Currently, under Section 171-36, HRS, no lease is transferable or assignable, except by devise, bequest, or intestate succession. However, with certain exceptions, the Board of Land and Natural Resources (Board) may approve the assignment and transfer of a lease to the corporate successor of the lease subject to:

- (1) Review and approval of the considerations to be paid by the assignee; and
- (2) Payment of a premium by the lessee to the Board based on the amount of consideration for the assignment by cash, credit, or otherwise, less the depreciated costs of improvements and trade fixtures transferred to the assignee.

Because this premium payment requirement jeopardizes their security and equity positions on the mortgages for loans secured by leasehold interest in the State lands, the lending institutions have denied loans to farmers leasing State lands. This bill would amend the restrictions on assignment of leases, so that the premiums payable to the Board for assignment or transfer of an agricultural lease would be paid after all other encumbrances and other liens or debts of the lessee relating to the leased property have been paid.

Your Committee received testimony in support of this bill from the Department of Agriculture, the Department of Land and Natural Resources, and the Hawaii Farm Bureau Federation.

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

Inserted the phrase "in the event of foreclosure or sale" on page 3, line 8 of this bill, as received, after the word "leases" to take into account that the encumbrances and other liens or debts become payable only upon a foreclosure or sale.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 2475, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2475, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 993-90 Agriculture on S.B. No. 3012

The purpose of this bill is to fulfill the intent of the State agricultural park program by amending Chapter 166, Hawaii Revised Statutes, to require the consent of the Board of Agriculture for any transfer of interest in an agricultural park lease, including the stock of a corporation or interest in a partnership or association. Under current law, a number of lessees have manipulated the use of corporate entities to transfer agricultural park leases to non-qualified persons and thereby profit from the sale of these leases.

This bill also:

- (1) Broadens the source of funding for the maintenance of all roads within the agricultural park;
- (2) Clarifies the administrative process relative to the execution of partnership agreements and clarifies the authority to manage agricultural parks;
- (3) Clarifies that applicants may include partnerships, corporations, or associations when at least seventy-five percent of the partners, stockholders, or membership of such entities qualify individually as farmers;
- (4) Clarifies that "new farmers", receiving preference in obtaining an agricultural park lot, pertain to those applying for an agricultural park lot and not to those who qualify under the agricultural loans;
- (5) Removes references to provisions, especially in Chapter 171 (Public Lands), which cannot be consistently followed in adopting program rules;
- (6) Broadens the use of agricultural park special fund to include the maintenance and operation of facilities related to the operation of agricultural parks; and
- (7) Clarifies that all moneys collected for the use and maintenance of a domestic and irrigation water system shall be from such a system that is within, not outside of, an agricultural park.

Testimony from the Department of Agriculture in support of this bill centered around the tightening of provisions on the assignment of leases to corporate successors to curtail speculative sales of leases for profit.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3012, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 994-90 Agriculture on S.B. No. 3423

The purpose of this bill is to change the lawful height established for livestock fences. Under this bill, the minimum height would be changed to four feet from the current required four and a half feet.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 3423 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 995-90 Education on H.C.R. No. 168

The purpose of this concurrent resolution is to request a study to determine the reasons for the disparity in conditions of the State's public schools despite similar allotments made for repair and maintenance in past years.

Testimony in support of this measure was submitted by the Department of Education and the Department of Accounting and General Services.

Your Committee has amended this measure by adding that a delay in the release of funds allocated for repair and maintenance will create hardship on the schools. Other technical, nonsubstantive revisions were made for purposes of style and clarity.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 168, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.C.R. No. 168, H.D. 1.

Signed by all members of the Committee.

SCRep. 996-90 Education on H.C.R. No. 19

The purpose of this concurrent resolution is to request the Department of Education to examine the health and safety needs of the children at Hookena Elementary School and have the department review its current procedure in relation to budget preparation and a master plan for Hookena School.

The Department of Education and the Hookena School Community Council testified in favor of this measure.

Your Committee has amended the concurrent resolution to include the Department of Accounting and General Services in the examination and review of systematic planning for Hookena School. This measure has also been amended to require the findings of the Department of Education and the Department of Accounting and General Services be submitted no later than twenty days before the convening of the Regular Session of 1991.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 19, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 19, H.D. 1.

Signed by all members of the Committee.

SCRep. 997-90 Education and Intergovernmental Relations and International Affairs on H.R. No. 168

The purpose of this resolution is to request that the Department of Education establish an exchange program with Okinawa, Hawaii's sister state.

The Department of Education testified in favor of this resolution, but expressed reservations about the cost of such an exchange program. Your Committee intends that the program costs will be covered by outside financial support, not state general funds.

Your Committees have amended this resolution to indicate that both the Superintendent of Education of the Okinawan educational system and the Superintendent of Education of the State of Hawaii are interested in establishing an exchange program.

Your Committees on Education and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.R. No. 168, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 168, H.D. 1.

Signed by all members of the Committees except Representatives Horita, Takamine and Yoshimura.

SCRep. 998-90 Education and Intergovernmental Relations and International Affairs on H.C.R. No. 154

The purpose of this concurrent resolution is to request that the Department of Education establish an exchange program with Okinawa, Hawaii's sister state.

The Department of Education testified in favor of this concurrent resolution, but expressed reservations about the cost of such an exchange program. Your Committee intends that the program costs will be covered by outside financial support, not state general funds.

Your Committees have amended this concurrent resolution to indicate that both the Superintendent of Education of the Okinawan educational system and the Superintendent of Education of the State of Hawaii are interested in establishing an exchange program.

Your Committees on Education and Intergovernmental Relations and International Affairs concur with the intent and purpose of H.C.R. No. 154, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 154, H.D. 1.

Signed by all members of the Committees except Representatives Horita, Takamine and Yoshimura.

SCRep. 999-90 Education on H.R. No. 179

The purpose of this resolution is to request the Hawaii State Department of Education to undertake a study on the feasibility of establishing a high school in Keaau, Hawaii.

The Department of Education, the Keaau School PSTA and the Mountain View PSTA testified in favor of this measure.

Your Committee has amended this resolution to include the County of Hawaii in the feasibility study.

Your Committee on Education concurs with the intent and purpose of H.R. No. 179, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 179, H.D. 1.

Signed by all members of the Committee.

SCRep. 1000-90 Education on H.C.R. No. 162

The purpose of this concurrent resolution is to request the Hawaii State Department of Education to undertake a study on the feasibility of establishing a high school in Keaau, Hawaii.

The Department of Education, the Keaau School PSTA and the Mountain View PSTA testified in favor of this measure.

Your Committee has amended this concurrent resolution to include the County of Hawaii in the feasibility study.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 162, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 162, H.D. 1.

Signed by all members of the Committee.

SCRep. 1001-90 Education on H.R. No. 121

The purpose of this resolution is to request the Department of Accounting and General Services to prepare a detailed plan for the repair and maintenance of all state library facilities.

The Department of Accounting and General Services testified in favor of this measure.

Your Committee has amended this resolution to request that the Department of Accounting and General Services also submit a status report on the pilot repair and maintenance program.

Your Committee on Education concurs with the intent and purpose of H.R. No. 121, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 121, H.D. 1.

Signed by all members of the Committee.

SCRep. 1002-90 Education on H.C.R. No. 109

The purpose of this concurrent resolution is to request the Department of Accounting and General Services to prepare a detailed plan for the repair and maintenance of all state library facilities.

The Department of Accounting and General Services testified in favor of this measure.

Your Committee has amended this concurrent resolution to request that the Department of Accounting and General Services also submit a status report on the pilot repair and maintenance program.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 109, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 109, H.D. 1.

Signed by all members of the Committee.

SCRep. 1003-90 Finance on S.B. No. 2288

The purpose of this bill is to establish a special fund for the statewide Supreme Court Law Library System into which will be deposited fines, fees, and other revenue derived from the System's operations.

The moneys deposited into this special fund may be used to replace or repair lost, damaged, stolen, unreturned, or outdated library materials; moneys may also be used to support and improve law library services.

Your Committee finds that allowing the Supreme Court Law Library System to retain control of these funds will improve its ability to serve patrons and give it the same level of operational flexibility now enjoyed by the Hawaii State Library System.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2288 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1004-90 Finance on S.B. No. 3140

The purpose of this bill is to establish a revolving fund for the Conference Center Program in the College of Continuing Education and Community Service of the University of Hawaii.

Under this measure, all fees, charges, and other moneys collected in conjunction with the Conference Center Program will be deposited in the fund. The Dean of the College of Continuing Education and Community Service will be authorized to expend funds from the revolving fund for all costs associated with conducting conferences, seminars, and courses by the Conference Center Program, without regard to the public bidding and bid listing requirements.

Testimony in support of this measure was submitted by the University of Hawaii, citing the need for flexibility to effectively provide the support services required by the conference, seminar, and course sponsors.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3140, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1005-90 Finance on S.B. No. 3334

The purpose of this bill is to provide a tax credit against an employer's tax liability for hiring persons with disabilities encountering significant barriers to employment.

This measure allows each taxpayer subject to Chapter 235, Hawaii Revised Statutes, to deduct a targeted jobs credit against the taxpayer's net income tax liability. A tax credit exceeding the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

This bill also provides that the credit for a taxable year will be equal to forty percent of the first-year wages paid to all newly hired vocational rehabilitation referrals for that year. The amount of the first-year wages that may be taken into account for each qualified individual shall not exceed \$6,000 per year.

Your Committee received testimony strongly supporting this measure from the State Planning Council on Developmental Disabilities, the Commission on Persons with Disabilities, Seven-Eleven (Hawaii), Inc., and Hyatt Regency Maui.

Your Committee strongly believes that this measure will encourage employers to assist severely disabled persons achieve their potential and become self-sufficient, contributing members of our community. This positive result far outweighs any of the possible negative effects anticipated by the Department of Taxation, the Department of Human Services, and the Tax Foundation of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3334, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1006-90 Finance on S.B. No. 973

The purpose of this bill is to clarify and increase the effectiveness of the budgeting process of the Office of Hawaiian Affairs (OHA).

The bill requires OHA to prepare and submit a budget, six-year program and financial plan, and a variance report to the Legislature each year. It also requires OHA to provide an accounting of its expenditures and results to its beneficiaries and to provide the beneficiaries the opportunity to participate in the preparation of OHA's budgets.

OHA submitted testimony supporting the intent of this measure.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 973, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1007-90 Finance on S.B. No. 2252

The purpose of this bill is to:

- (1) Increase the upper limits on class "A" loans (farm ownership and improvement loans) and class "C" loans (farm operating loans) from \$100,000 to \$400,000; and
- (2) Set the security requirement for the class "A" loan so that no loan shall exceed eighty per cent of the value of the securities offered. Currently, the security requirement is eighty-five per cent.

The Department of Agriculture, the Waimanalo Dairy, Inc., and the Toledo-Twin Pine Dairy, Inc., testified in favor of this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2252, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1008-90 Finance on S.B. No. 3166

The purpose of this bill is to clarify that the computation of the State Employees' Retirement System contributions and benefits shall be based on the employee's unadjusted gross wages and not the wages that have been reduced due to participation in a cafeteria plan.

Act 63, Session Laws of Hawaii 1989, authorized the reestablishment of a cafeteria plan, which is a wage and salary reduction benefit program. Act 63, however, did not specify whether the Employees' Retirement System was to compute contributions and benefits based on the employee's unadjusted or adjusted gross wages.

This bill clarifies that the Employees' Retirement System computations will be based on the employee's unadjusted gross wages so that the employee's current contributions and benefits would not be affected.

Your Committee received testimony supporting the intent of this measure from the Department of Personnel Services and the Department of Civil Service of the City and County of Honolulu.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3166, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1009-90 Finance on S.B. No. 2617

The purpose of this bill is to increase the amount of resources and income which can be retained by the spouse of a medically institutionalized person.

Testimony in support of this measure was submitted by the Executive Office on Aging, the Department of Human Services, and the American Association of Retired Persons.

Your Committee concurs that government regulations for programs designed to offer assistance to persons most in need should not contribute to the unnecessary destitution of entire families or to the dissolution of marriages.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2617, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1010-90 Finance on S.B. No. 3141

The purpose of this bill is to raise the amount of indirect overhead funds deposited into the University Research and Training Revolving Fund (Fund) from fifty to sixty percent.

The bill further provides that the Board of Regents (Board) is also authorized to make expenditures from the Fund for infrastructure costs for existing and future research and training projects. In addition, the Board is also required to submit a report on the effect of the increase to the 1991 Legislature.

The University of Hawaii testified in favor of the increase in the percentage of indirect overhead costs but raised concerns regarding the use of the Fund for infrastructure costs.

However, your Committee believes that the 1991 report will provide the needed evaluation on whether the increase in the Fund is sufficient to provide seed money for start-up research projects and to support infrastructure costs.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3141, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3141, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1011-90 Finance on S.B. No. 3327

The purpose of this bill is to appropriate funds to implement the School Inspection Program required by section 296-39, Hawaii Revised Statutes, as enacted by Act 369, Session Laws of Hawaii 1989.

The Departments of Education and Accounting and General Services submitted testimony in favor of this measure.

These moneys are needed to allow the inspection team to conduct inspections at the public schools. The Department of Education testified that a report of its findings and recommendations, including any changes which may be necessary to improve the physical condition of public school facilities, will be submitted to the 1991 Legislature.

To comply with constitutional and statutory requirements, your Committee has amended the 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.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3327, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3327, H.D. 1.

Signed by all members of the Committee.

SCRep. 1012-90 Finance on S.B. No. 3165

The purpose of this bill is to fund repricing actions for civil service Motor Carrier Safety Officer, Highway Special Services Supervisor, Highway Lighting Worker, and Highway Lighting Supervisor classes in the state executive branch.

This measure reflects the findings and recommendations of the Conference of Personnel Directors and the Public Employees Compensation Appeals Board to reprice certain positions pursuant to Section 77-4, Hawaii Revised Statutes.

This bill would appropriate funds for the added cost of repricing. Your Committee finds that these funds are essential to avoid fiscal repercussions in the employing departments.

Your Committee received testimony in support of this measure from the Department of Personnel Services, the Hawaii Government Employees Association, and the United Public Workers.

Your Committee has amended this measure to clarify that the moneys would be appropriated from the Highway Special Fund; other technical, nonsubstantive amendments have also been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3165, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3165, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1013-90 Finance on S.B. No. 3013

The purpose of this bill is to improve the agricultural loan program by:

- (1) Clarifying the eligibility requirements for state agricultural loans; and
- (2) Allowing the Department of Agriculture (DOA) to charge interest rates consistent with other state loans.

More specifically, this bill amends the loan eligibility requirements by:

- (1) Clarifying that applicants for agricultural loans must first attempt to secure loans from four financial entities and be rejected or disqualified by all four entities before they could apply and be eligible for state agricultural loans. In addition, this bill also authorizes the Board of Agriculture to waive these requirements for emergency loans; and
- (2) Deleting the "qualified farmer" requirement that specifies that seventy-five percent of the members or stockholders of partnerships and corporations must be state residents.

In addition, this bill amends the interest provisions by:

- (1) Setting the interest rates for class A, B, C, and E loans at a rate of one per cent below the prime rate or seven and one-half per cent a year, whichever is less; and
- (2) Providing that if the money loaned is borrowed by the DOA, the interest rate on the loans would be determined as set forth above or at one per cent over the cost to the State for borrowing the money, whichever is greater.

Your Committee receive testimony in support of this measure from the DOA.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3013, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3013, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1014-90 Agriculture on H.C.R. No. 169

The purpose of this concurrent resolution is to request the Speaker of the House and the President of the Senate to appoint a task force to evaluate existing policies, systems, and institutions that affect agriculture and to identify those policies, systems, and institutions that hinder the agricultural enterprise.

Your Committee received supporting testimony on this concurrent resolution from the Department of Agriculture and the College of Tropical Agriculture and Human Resources (CTAHR). CTAHR indicated that the task force should give primary emphasis to policy issues, because policies are the key to opening up the agricultural opportunities in the State.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 169 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1015-90 Agriculture on H.C.R. No. 326

The purpose of this concurrent resolution is to request that the Legislative Auditor conduct a management audit of the Department of Agriculture's (DOA) herbicide drift complaint investigations to:

- (1) Determine the validity of complaints alleging mismanagement of DOA's herbicide drift complaint investigations;
- (2) Determine the extent to which outside influences may be supporting or covering up the DOA's mismanagement of herbicide drift complaint investigations;
- (3) Determine the appropriateness of an independent investigation of the DOA by the Office of Ombudsman;
- (4) Determine the appropriateness of administrative support for changes in the purpose of two separate research studies conducted by the University of Hawaii's College of Tropical Agriculture and Human Resources (CTAHR); and
- (5) Review existing and recommended minimum professional qualifications for the Chairperson and the Deputy to the Chairperson of the Board of Agriculture.

The testimony indicated that:

- (1) The DOA places pesticide-related complaints as top priority in its pesticide program; it has responded properly to the 26 complaints filed by one individual on Maui; and the DOA's handling of the complaints and investigations was extensively scrutinized by the responsible federal and State agencies;
- (2) Although the DOA disagrees with many of the allegations stated in the concurrent resolution, it will cooperate with the Legislative Auditor in its audit;
- (3) The CTAHR's studies on herbicide and pesticide have been conducted strictly in accord with scientific methods; the conclusions were made fully public so that anyone can examine all aspects of the experiments and check for its scientific conduct; the CTAHR and the DOA have coordinated their efforts on herbicide and pesticide use and safety throughout the State; DOA's approach is scientifically sound and open; and the CTAHR suggests that this concurrent resolution may not be needed;
- (4) The Hawaii Farm Bureau Federation claimed the charges contained in this concurrent resolution are not supported by its membership; and
- (5) The Safe Solution, the Biological Applications, Inc., and a Maui farmer supported the allegations contained in this concurrent resolution.

Your Committee finds these allegations perplexing in light of its scrutinization by the appropriate federal and State agencies, including the Offices of the Ombudsman and the Attorney General. Upon further consideration, your Committee concludes that these allegations merit further review by the Committee on Legislative Management, particularly if testimony can be obtained from the Offices of the Ombudsman and the Attorney General.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 326 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1016-90 Agriculture on H.R. No. 265

The purpose of this resolution is to request the Department of Agriculture (DOA) to improve the overall sanitation of the Animal Quarantine Station. More specifically, the Interim Task Force to Study the State's Animal Quarantine System recommended that a full sanitation program be developed for:

- (1) Disinfecting the food preparation area, grooming area, veterinary clinic, and transportation carts;
- (2) Developing an appropriate waste disposal process; and
- (3) Using sealable containers for food storage in the kennel and food preparation areas.

The testimony indicated support for this resolution. The testimony also indicated that:

- (1) No matter what disinfection mode is used, the process must include runs, carts, bowls, litter pans, veterinary clinic, tables, scales, boots, and hands giving medication; and
- (2) Given the age of the 20 year old facility, the DOA has operated the facility the best it could, but as with all operations, the overall sanitation can be improved.

Upon further consideration, your Committee has amended this resolution by replacing the word "veterinarian" with "veterinary" on page 2, line 3 of the second WHEREAS clause of the resolution, as received, to correct an error.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 265, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 265, H.D. 1.

Signed by all members of the Committee.

SCRep. 1017-90 Agriculture on H.C.R. No. 253

The purpose of this concurrent resolution is to request the Department of Agriculture (DOA) to improve the overall sanitation of the Animal Quarantine Station. More specifically, the Interim Task Force to Study the State's Animal Quarantine System recommended that a full sanitation program be developed for:

- (1) Disinfecting the food preparation area, grooming area, veterinary clinic, and transportation carts;
- (2) Developing an appropriate waste disposal process; and
- (3) Using sealable containers for food storage in the kennel and food preparation areas.

The testimony indicated support for this concurrent resolution. The testimony also indicated that:

- (1) No matter what disinfection mode is used, the process must include runs, carts, bowls, litter pans, veterinary clinic, tables, scales, boots, and hands giving medication; and
- (2) Given the age of the 20 year old facility, the DOA has operated the facility the best it could, but as with all operations, the overall sanitation can be improved.

Upon further consideration, your Committee has amended this concurrent resolution by replacing the word "veterinarian" with "veterinary" on page 2, line 3 of the second WHEREAS clause of the concurrent resolution, as received, to correct an error.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 253, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 253, H.D. 1.

Signed by all members of the Committee.

SCRep. 1018-90 Agriculture on H.R. No. 268

The purpose of this resolution is to request the Department of Agriculture (DOA) to study the feasibility of improving the visitor and staff facilities at the Animal Quarantine Station.

When the Subcommittee of Facilities and Operations of the Quarantine Center of the Interim Task Force to Study the State's Animal Quarantine System made its site visit to the State Quarantine Station, the members perceived a need to create a more pleasant environment at the Station for both pet owners as well as staff. More specifically, the Subcommittee members recommended that DOA consider:

- (1) Creating personal work stations for employees;
- (2) Constructing a consultation room for veterinarians and pet owners; and
- (3) Upgrading the visitor entry area as well as restrooms.

The DOA testified that it is preparing a list of improvements needed for the biennial budget submission to augment the new replacement facilities now under construction (part of the existing facilities will be displaced by the impending H-3 highway construction that will pass through the Station).

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 268 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1019-90 Agriculture on H.C.R. No. 256

The purpose of this concurrent resolution is to request the Department of Agriculture (DOA) to study the feasibility of improving the visitor and staff facilities at the Animal Quarantine Station.

When the Subcommittee of Facilities and Operations of the Quarantine Center of the Interim Task Force to Study the State's Animal Quarantine System made its site visit to the State Quarantine Station, the members perceived a need to create a more pleasant environment at the Station for both pet owners as well as staff. More specifically, the Subcommittee members recommended that DOA consider:

- (1) Creating personal work stations for employees;
- (2) Constructing a consultation room for veterinarians and pet owners; and
- (3) Upgrading the visitor entry area as well as restrooms.

The DOA testified that it is preparing a list of improvements needed for the biennial budget submission to augment the new replacement facilities now under construction (part of the existing facilities will be displaced by the impending H-3 highway construction that will pass through the Station).

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 256 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1020-90 Education on H.R. No. 344

The purpose of this resolution is to request the development of a plan to improve attendance of parents and school personnel at intermediate and high school open houses.

Testimony submitted by the Department of Education supported the intent of the measure but noted that it was unnecessary given the Department's current efforts to improve attendance at intermediate and high school open houses.

Your Committee has amended this measure by:

- (1) Deleting the request for a plan to improve attendance; and
- (2) Changing the thrust of the measure to request the Board of Education and the Department of Education to provide a list of ways to improve attendance and revising the title of this measure to reflect this change.

Your Committee on Education concurs with the intent and purpose of H.R. No. 344, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 344, H.D. 1.

Signed by all members of the Committee.

SCRep. 1021-90 Education on H.C.R. No. 320

The purpose of this concurrent resolution is to request the development of a plan to improve attendance of parents and school personnel at intermediate and high school open houses.

Testimony submitted by the Department of Education supported the intent of the measure but noted that it was unnecessary given the Department's current efforts to improve attendance at intermediate and high school open houses.

Your Committee has amended this measure by:

- (1) Deleting the request for a plan to improve attendance; and
- (2) Changing the thrust of the measure to request the Board of Education and the Department of Education to provide a list of ways to improve attendance and revising the title of this measure to reflect this change.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 320, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 320, H.D. 1.

Signed by all members of the Committee.

SCRep. 1022-90 Consumer Protection and Commerce on S.B. No. 3237

The purpose of this bill is to add a new provision to Chapter 490, Article 3, Hawaii Revised Statutes, to provide that any negotiable instrument marked "paid in full", or other similar words, will not limit the payee from collecting the actual amount owed unless agreed upon in writing by the payee.

Your Committee notes that due to the advent of computerized check processing, manual processing of payments no longer takes place. Further, your Committee believes that an accord and satisfaction should occur only in the event both parties make a knowing, deliberate decision to settle and compromise a claim.

Your Committee has amended this bill by replacing the language of this bill with the language in the companion bill H.B. No. 3083, H.D. 1, because your Committee believes that an "accord and satisfaction" dependent upon consent in writing by the payee may result in a creditor taking a unilateral position that payment has not been made in full, to the unfair advantage of the consumer.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3237, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3237, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1023-90 Consumer Protection and Commerce on S.B. No. 2599

The purpose of this bill is to amend Section 444-23(b), Hawaii Revised Statutes, by increasing the penalty for contracting without a license.

Your Committee heard testimony in favor of this bill from the Hawaii Business League (HBL) and the Building Industry Association of Hawaii (BIAH). The HBL stated that the current penalties for unlicensed contractors are too low and do not provide a deterrent to act nor any incentive to become licensed. The HBL further stated that this bill is designed to give the Contractor's License Board the authority to base penalties on a percentage of the amount paid for the contracting work. The HBL proposed amendments to the bill which would conform the statute to the current rules of the Contractor's Board.

The Contractor's License Board (Board) testified in opposition of the bill. The Board stated that although it concurs with the intent of the bill, it believes that adequate remedies are currently available for dealing with unlicensed contractors. The Board further stated that it believes the bill would also apply to licensed contractors who inadvertently performed work outside the scope of classified activity and therefore the fine would be excessive.

Your Committee does not intend this penalty to affect contractors who inadvertently perform work outside the scope of their job classification and has amended this bill by adopting the clarification language as proposed by the Hawaii Business League to address this concern. Your Committee also notes that if increasing the fines do not deter unlicensed contractors, the Legislature should then consider enacting criminal penalties as a more appropriate deterrent.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2599, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2599, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1024-90 Consumer Protection and Commerce on S.B. No. 2434

The purpose of this bill is amend several sections of Chapter 103, Hawaii Revised Statutes, to broaden the bid requirements for public contracts to include credit union instruments.

Your Committee believes that the underlying purpose of the bid deposit statute is to ensure that bid deposits for public contracts are secure. The federally insured status of credit unions provides this assurance of security. Therefore, all instruments issued by federally insured credit unions would satisfy the objective of the State in specifying permissible deposit instruments for public contracts.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2434, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1025-90 Consumer Protection and Commerce on S.B. No. 2312

The purpose of this bill is to amend Section 467-30, Hawaii Revised Statutes, in order to clarify the fidelity bond requirements and coverages and to require payment of an application fee for condominium hotel operators.

Your Committee notes that insurance companies are hesitant to issue fidelity bonds to condominium hotel operators, due primarily to conflicting statutory language. Further, your Committee notes that a "standard" fidelity bond protects the employer against misappropriation of funds by employees, it does not protect third parties.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2312, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1026-90 Consumer Protection and Commerce and Judiciary on S.B. No. 3295

The purpose of this bill is to clarify that the exceptions and definitions contained in Section 515-3, Hawaii Revised Statutes, also apply to Sections 515-5, 515-6, and 515-7 as related to housing for older persons.

Your Committees have amended this bill by including the language from the companion bill, H.B. No. 2415, H.D. 1. The House version has amended the original bill by including those portions of SECTIONS 2, 3, 5, 6 and 7 of H.B. No. 2029 as they related to the change to the term "handicapped status" to conform with federal law.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 3295, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3295, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1027-90 Consumer Protection and Commerce and Judiciary on S.B. No. 3238

The purpose of this bill is to implement the Legislative Auditor's sunset evaluation report recommendations regarding the regulation of radiologic technologists including:

- (1) The continued regulation of radiologic technologists; and
- (2) The shifting of the licensing program for the radiologic technologists from the Board of Radiologic Technology (Board) to the Department of Health and changing the role of the Board to an advisory board.

The Department of Health (Department) concurred with the intent of the bill because it believed there was a significant potential for public harm and that continued licensing of radiologic technologists was necessary to ensure the competency of members in this profession. However, the Department felt that it was unnecessary to establish reciprocity agreements with other states because it intended to use examinations of the national certification organization, the American Registry of Radiologic Technologists (A.R.R.T.) which would create reciprocity with the A.R.R.T. and reduce the barriers to entry of qualified radiologic technologists in Hawaii.

The Department was particularly concerned about the short transition period provided for in the bill which would create a freeze on the licensing of new radiologic technologists, exacerbating the existing shortages. Therefore, the Department recommended extending the existing regulations for an additional year.

The Board of Radiologic Technologists supported the continuing licensure of radiologic technologists but opposed the change in status of the Board to an advisory body to the Department of Health. They felt that the Board was more qualified to maintain standards within the profession. The Board also believed that the immediate termination of the temporary licenses without the adoption of rules would adversely affect the delivery of services in Hawaii.

Your Committees believe that the Board as currently constituted performs its duties professionally. Further, no clear reason emerged from the discussions which would necessitate a change in status of the Board from decision making to advisory. Your Committees also believe that a short transition period will create an unintended freeze on licensing of new radiologic technicians. Therefore, your Committees have amended this bill to:

- (1) Keep the licensing responsibilities with the Board;
- (2) Retain the existing version of Chapter 466J until its repeal date on December 31, 1990, and amend the effective date to January 1, 1991, to allow for an appropriate transition period as recommended by the Department of Health; and
- (3) Remove the violation of department rules from prosecution as a misdemeanor under Section 466J-9, as such prosecution would not be appropriate.

Technical, nonsubstantive amendments were made for purposes of style and clarity. Your Committees also deleted Section 6 of this bill for purposes of clarity.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 3238, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3238, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1028-90

Finance on S.B. No. 3306

The purpose of this bill is to establish a Kaneohe Bay Advisory Committee to study and develop recommendations for a Kaneohe Bay Master Plan.

Your Committee has amended this bill to clarify that the Kaneohe Bay Advisory Committee shall be composed of six members to be appointed as follows:

- (1) Three members shall be appointed by the Director of Transportation;
- (2) One member shall be appointed by the Director of the University of Hawaii Institute of Marine Biology;
- (3) One member shall be appointed by the Kahaluu Neighborhood Board; and
- (4) One member shall be appointed by the Kaneohe Neighborhood Board.

In addition, your Committee has amended this bill as follows:

- (1) Deleted the reference providing for an enforcement officer to monitor activities on the Bay and to enforce the existing rules of the Department of Transportation;
- (2) Added provisions regarding the Kaneohe Bay Advisory Committee to facilitate the work of the Committee, including election of a chairperson, method of filling vacancies, and termination date of the Committee;
- (3) Changed the effective date of the bill to July 1, 1990;
- (4) Added 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; and
- (5) Made other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3306, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3306, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1029-90 Tourism on H.R. No. 87

The purpose of this resolution is to request that the Department of Business and Economic Development, in cooperation with the Office of State Planning and the Land Use Commission, prepare a report on state plans to implement the Governor's policy requiring creation of one non-tourism job for every hotel room in every resort development approved in the future, stated in his 1990 state of the state address.

The Department of Business and Economic Development, the Office of State Planning, the Department of Labor and Industrial Relations, and the Hawaii Hotel Association testified in favor of this measure.

Your Committee finds that planning for economic development should include a complete appraisal of human resource needs, and that the report commissioned by this resolution would contribute greatly to such an appraisal, as a step toward greater diversification of the state economy.

Your Committee amended this resolution to designate the Office of State Planning as the agency to prepare the report, in conjunction with the Department of Labor and Industrial Relations, Department of Business and Economic Development, and Land Use Commission.

Another amendment requires the Office of State Planning to report to the 1991 legislature. Technical, non-substantive changes for the sake of style and clarity have also been made.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 87, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 87, H.D. 1.

Signed by all members of the Committee.

SCRep. 1030-90 Tourism on H.C.R. No. 73

The purpose of this concurrent resolution is to request that the Department of Business and Economic Development, in cooperation with the Office of State Planning and the Land Use Commission, prepare a report on state plans to implement the Governor's policy requiring creation of one non-tourism job for every hotel room in every resort development approved in the future, stated in his 1990 state of the state address.

The Department of Business and Economic Development, the Office of State Planning, the Department of Labor and Industrial Relations, and the Hawaii Hotel Association testified in favor of this measure.

Your Committee finds that planning for economic development should include a complete appraisal of human resource needs, and that the report commissioned by this concurrent resolution would contribute greatly to such an appraisal, as a step toward greater diversification of the state economy.

Your Committee amended this concurrent resolution to designate the Office of State Planning as the agency to prepare the report, in conjunction with the Department of Labor and Industrial Relations, Department of Business and Economic Development, and Land Use Commission.

Another amendment requires the Office of State Planning to report to the 1991 legislature. Technical, non-substantive changes for the sake of style and clarity have also been made.

Your Committee on Tourism concurs with the intent and purpose of H.C.R. No. 73, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 73, H.D. 1.

Signed by all members of the Committee.

SCRep. 1031-90 Agriculture and Health on H.R. No. 267

The purpose of this resolution is to request the Department of Agriculture (DOA) to devise a system to provide timely notifications to pet owners when their quarantined pets require medical attention.

The need for devising such a system is based on the findings of Interim Task Force to Study the State's Animal Quarantine System. On their site visit to the Quarantine Station, the Task Force subcommittee members found the "red tag" notification system (hanging a red tag on the pet owner's kennel door requesting that the owner contact the front office or dispensary) was deficient in providing timely notification to the pet owners to ensure the health of their quarantined pets.

The testimony indicated that if the State requires that certain animals be quarantined for 120 days, a resulting responsibility is that adequate medical care must also be provided. The DOA agreed that pet owners should be promptly informed whenever their pets experience medical difficulties and that it will make every effort to improve upon the current system of notification.

Your Committees on Agriculture and Health concur with the intent and purpose of H.R. No. 267 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 1032-90 Agriculture and Health on H.C.R. No. 255

The purpose of this concurrent resolution is to request the Department of Agriculture (DOA) to devise a system to provide timely notifications to pet owners when their quarantined pets require medical attention.

The need for devising such a system is based on the findings of Interim Task Force to Study the State's Animal Quarantine System. On their site visit to the Quarantine Station, the Task Force subcommittee members found the "red tag" notification system (hanging a red tag on the pet owner's kennel door requesting that the owner contact the front office or dispensary) was deficient in providing timely notification to the pet owners to ensure the health of their quarantined pets.

The testimony indicated that if the State requires that certain animals be quarantined for 120 days, a resulting responsibility is that adequate medical care must also be provided. The DOA agreed that pet owners should be promptly informed whenever their pets experience medical difficulties and that it will make every effort to improve upon the current system of notification.

Your Committees on Agriculture and Health concur with the intent and purpose of H.C.R. No. 255 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 1033-90 Agriculture and Water and Land Use on H.R. No. 270

The purpose of this resolution is to request the Governor's Agriculture Coordinating Committee (GACC), the College of Tropical Agriculture and Human Resources (CTAHR), and the Department of Land and Natural Resources (DLNR) to develop an analysis and action plan relating to forestry and other natural resources that will guide the State's forestry actions through the year 2001.

The testimony from the GACC, the CTAHR, and the DLNR indicated a need for updating the action plan since the last analysis and plan was completed in 1981. The testimony also indicated that:

- (1) The GACC's support should include \$15,000, primarily for the hiring of an expert consultant; and
- (2) The action plan be oriented toward forest products development and reforestation issues, ranging from short rotation plantations to high quality hardwoods, agroforestry applications and potentials, and watershed enhancement since the DLNR, through its Division of Forestry and Wildlife, has recently completed plans for: (1) Threatened and Endangered Species; (2) Hawaii Wildlife; (3) Division of Forestry and Wildlife (ten year plan); and (4) Natural Area Reserve Management.

Upon further consideration, your Committees have amended this resolution by inserting a new BE IT FURTHER RESOLVED clause to focus the planning efforts as described above and avoid duplication of existing plans.

Your Committees on Agriculture and Water and Land Use concur with the intent and purpose of H.R. No. 270, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 270, H.D. 1.

Signed by all members of the Committees.

SCRep. 1034-90 Agriculture and Water and Land Use on H.C.R. No. 258

The purpose of this concurrent resolution is to request the Governor's Agriculture Coordinating Committee (GACC), the College of Tropical Agriculture and Human Resources (CTAHR), and the Department of Land and Natural Resources (DLNR) to develop an analysis and action plan relating to forestry and other natural resources that will guide the State's forestry actions through the year 2001.

The testimony from the GACC, the CTAHR, and the DLNR indicated a need for updating the action plan since the last analysis and plan was completed in 1981. The testimony also indicated that:

- (1) The GACC's support should include \$15,000, primarily for the hiring of an expert consultant; and
- (2) The action plan be oriented toward forest products development and reforestation issues, ranging from short rotation plantations to high quality hardwoods, agroforestry applications and potentials, and watershed enhancement since the DLNR, through its Division of Forestry and Wildlife, has recently completed plans for: (1) Threatened and Endangered Species; (2) Hawaii Wildlife; (3) Division of Forestry and Wildlife (ten year plan); and (4) Natural Area Reserve Management.

Upon further consideration, your Committees have amended this concurrent resolution by inserting a new BE IT FURTHER RESOLVED clause to focus the planning efforts as described above and avoid duplication of existing plans.

Your Committees on Agriculture and Water and Land Use concur with the intent and purpose of H.C.R. No. 258, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 258, H.D. 1.

Signed by all members of the Committees.

SCRep. 1035-90 Agriculture on H.R. No. 269

The purpose of this resolution is to request the Department of Agriculture (DOA) to revise its requirements pertaining to the licensing and certification of satellite quarantine facilities so that such a facility can be operated by licensed private veterinary care facilities.

It is your Committee's understanding that under the existing rules, the licensing and certification requirements are so stringent that no private operator is able to operate a satellite facility in a financially profitable or administratively responsible manner.

The testimony indicated that:

- (1) There is a need for satellite animal quarantine facilities on the Neighbor Islands to minimize the trauma and ordeal of separation suffered by both pets and pet owners and to alleviate the inconveniences and costs incurred by Neighbor Island pet owners when they visit their pets quarantined at the Halawa Station; and
- (2) There is no reason that a satellite quarantine facility should or need to be operated by a veterinarian or through a veterinary hospital.

Upon further consideration, your Committee has amended this resolution by adding the phrase "or other qualified" after the word "care" on line 6 of the first BE IT RESOLVED clause on page 2 to include other qualified facilities to operate satellite quarantine facilities upon meeting the specified requirements.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 269, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 269, H.D. 1.

Signed by all members of the Committee.

SCRep. 1036-90 Agriculture on H.C.R. No. 257

The purpose of this concurrent resolution is to request the Department of Agriculture (DOA) to revise its requirements pertaining to the licensing and certification of satellite quarantine facilities so that such a facility can be operated by licensed private veterinary care facilities.

It is your Committee's understanding that under the existing rules, the licensing and certification requirements are so stringent that no private operator is able to operate a satellite facility in a financially profitable or administratively responsible manner.

The testimony indicated that:

- (1) There is a need for satellite animal quarantine facilities on the Neighbor Islands to minimize the trauma and ordeal of separation suffered by both pets and pet owners and to alleviate the inconveniences and costs incurred by Neighbor Island pet owners when they visit their pets quarantined at the Halawa Station; and
- (2) There is no reason that a satellite quarantine facility should or need to be operated by a veterinarian or through a veterinary hospital.

Upon further consideration, your Committee has amended this concurrent resolution by adding the phrase "or other qualified" after the word "care" on line 6 of the first BE IT RESOLVED clause on page 2 to include other qualified facilities to operate satellite quarantine facilities upon meeting the specified requirements.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 257, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 257, H.D. 1.

Signed by all members of the Committee.

SCRep. 1037-90 Agriculture on H.R. No. 266

The purpose of this resolution is to request the Department of Agriculture (DOA) to support the reactivation of the Quarantine Station's Advisory Committee and encourage it to become more involved with the operations of the Animal Quarantine Station by:

- (1) Conducting annual reviews of the overall condition of the Animal Quarantine Station's physical plant; and
- (2) Submitting its recommendations to the Board of Agriculture.

At one time, the animal Quarantine Station's Advisory Committee provided advice to the Station on consumer-related issues. The Advisory Committee, (established in 1973) has not met in the last couple of years. Its most recent

membership consisted of representatives from the Hawaii Humane Society, the military, cat clubs, dog clubs, and the community-at-large.

The testimony indicated support for:

- (1) Reactivating the Advisory Committee;
- (2) Including a representative from the Commission on Persons with Disabilities, the Neighbor Islands, and the veterinary community to serve on the Advisory Committee;
- 3) Setting the Advisory Committee's meetings on a regular basis (i.e., semi-annually or not less than quarterly); and
- (4) Including the review of public criticisms of the Animal Quarantine Station's procedures among the Advisory committee's functions.

Upon further consideration, your Committee has amended this resolution as follows:

- (1) Replaced the word "annual" with "semi-annual" on line 2 of the first BE IT FURTHER RESOLVED clause on page 2 of the resolution, as received; added the words "and criticisms" on the same line after the word "condition"; and added the words "and procedures" after the word "plant" on line 3 of the same clause of the resolution, as received; and
- (2) Added the phrase "the Neighbor Island, and the veterinary community; and" after the word "Disabilities" on line 4 of the second BE IT FURTHER RESOLVED clause on page 2 of the resolution, as received.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 266, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 266, H.D. 1.

Signed by all members of the Committee.

SCRep. 1038-90 Agriculture on H.C.R. No. 254

The purpose of this concurrent resolution is to request the Department of Agriculture (DOA) to support the reactivation of the Quarantine Station's Advisory Committee and encourage it to become more involved with the operations of the Animal Quarantine Station by:

- (1) Conducting annual reviews of the overall condition of the Animal Quarantine Station's physical plant; and
- (2) Submitting its recommendations to the Board of Agriculture.

At one time, the Animal Quarantine Station's Advisory Committee (established in 1973) provided advice to the Station on consumer-related issues, but it has not met in the last couple of years. Its most recent membership consisted of representatives from the Hawaii Humane Society, the military, cat clubs, dog clubs, and the community-at-large.

The testimony indicated support for:

- (1) Reactivating the Advisory Committee;
- (2) Including a representative from the Commission on Persons with Disabilities, the Neighbor Islands, and the veterinary community to serve on the Advisory Committee;
- (3) Setting the Advisory Committee's meetings on a regular basis (i.e., semi-annually or not less than quarterly); and
- (4) Including the review of public criticisms of the Animal Quarantine Station's procedures among the Advisory Committee's functions.

Upon further consideration, your Committee has amended this concurrent resolution as follows:

- (1) Replaced the word "annual" with "semi-annual" on line 2 of the first BE IT FURTHER RESOLVED clause on page 2 of the concurrent resolution, as received; added the words "and criticisms" on the same line after the word "condition"; and added the words "and procedures" after the word "plant" on line 3 of the same clause of the concurrent resolution, as received; and
- (2) Added the phrase "the Neighbor Island, and the veterinary community; and" after the word "Disabilities" on line 4 of the second BE IT FURTHER RESOLVED clause on page 2 of the concurrent resolution, as received.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 254, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 254, H.D. 1.

Signed by all members of the Committee.

SCRep. 1039-90 Housing on S.B. No. 2924

The purpose of this bill is to allow prospective purchasers of housing projects sponsored by the Housing Finance and Development Corporation or by the counties, to be assisted by a co-mortgager in qualifying for a purchase loan. The co-mortgager would have to be a family member and the co-mortgager's interest in the property would be limited to one percent to remove any possibility of motivation based on investment for personal gain.

Your Committee received favorable testimony from the Housing Finance and Development Corporation and the Department of Housing and Community Development of the City and County of Honolulu.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 2924, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1040-90 Consumer Protection and Commerce on S.B. No. 2835

The purpose of this bill is to amend Chapter 446K, Hawaii Revised Statutes, to allow the Department of Commerce and Consumer Affairs to certify and to regulate real estate appraisers for purposes of 12 U.S.C. §3301 et. seq., which requires that real estate appraisals utilized in connection with federally related transactions be performed by individuals who are certified appraisers.

Your Committee has amended this bill by making a technical change in order to correct a typographical error in the section cited from section 446K to section 466K.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2835, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2835, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1041-90 Consumer Protection and Commerce on S.B. No. 3066

The purpose of this bill is to increase the educational requirement for chiropractic licensure from the present two years of study to four years of study at an accredited college or university after January 1, 1995. Persons now in chiropractic school will not be affected by the new requirement and the current requirement would be in effect until January 1, 1995.

Your Committee recognizes that other states do not require completion of four years of coursework for licensing and notes that the new four-year requirement may place a restraint on trade and may prohibit new licensees from coming to Hawaii. However, the Hawaii State Chiropractic Association supports this bill to strengthen licensure requirements to ensure that chiropractors in Hawaii are well qualified to serve the general public.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3066, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1042-90 Higher Education and the Arts on S.B. No. 2958

The purpose of this bill is to specify that the Community College Division of the University of Hawaii (UH) is solely responsible for the instruction and coordination of instruction for apprentices.

Although the Department of Education as well as the Community College Division of UH can provide for related instruction and coordination of instruction for apprentices, it is the Community College Division of UH that has been providing these services over the years.

Testimony in support of this measure was submitted by the University of Hawaii and the Department of Education.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 2958 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1043-90 Finance on S.B. No. 2569

The purpose of this bill is to appropriate \$250,000 for a study by the Honolulu Police Department for the planning, engineering, installation, training, and implementation of a trunking radio system backbone and a mobile data terminal system backbone.

The State Attorney General, Prosecutors and Police Chiefs of the City and County of Honolulu, and the Counties of Kauai, Maui and Hawaii, the Chair of the Council for the City and County of Honolulu, and SHOPO representatives submitted testimony in ardent support of this measure.

The problems of the present telecommunications system of the Honolulu Police Department are well-documented, and the need for a mobile data terminal system and an enhanced trunking radio system is evident.

Your Committee has amended the measure as follows:

- (1) Specified that the \$250,000 state appropriation is to be matched by the City and County of Honolulu; and
- (2) Added a new section stating the reasons why and the amount and rate by which the appropriation exceeds the state spending limit to comply with constitutional and statutory requirements.

Other technical, nonsubstantive revisions have been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2569, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2569, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1044-90 Finance on S.B. No. 2560

The purpose of this bill is to establish within the Housing Finance and Development Corporation (HFDC) a program to provide low-interest loans of up to \$25,000 per residential unit for design alterations which need to be made to residences of persons with physical disabilities.

These design alterations will allow physically handicapped persons to remain living independently in their own homes, which is a preferable alternative to institutionalization.

The Housing Finance and Development Corporation, the State Planning Council on Developmental Disabilities, the Commission on Persons with Disabilities, the County of Hawaii Committee for the Handicapped, the Founders Group of the Kokua Council for Senior Citizens of Hawaii, the Kauai Center for Independent Living, the Kona Adult Day Center, the Puna Community Council, Inc., the Easter Seal Society Hilo Service Center, Business Support Services, the Maui Mayor's Advisory Committee on Persons with Disabilities, the Hawaii Centers for Independent Living, and several individuals submitted testimony in support of this measure.

Your Committee has amended the measure by:

- (1) 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;
- (2) Amending the appropriation from \$300,000 to \$2 for the purpose of continued discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2560, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2560, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1045-90 Finance on S.B. No. 2505

The purpose of this bill is to:

- (1) Correct an omission in Section 237-4(5), Hawaii Revised Statutes, relating to feed lot operators that had been inadvertently overlooked; and
- (2) Include certain material essential to the production of agricultural products to the list of sales described as wholesale under the general excise tax laws.

Your Committee finds that Act 204, Session Laws of Hawaii 1971, inadvertently omitted the words "of the feed lot operator's service to a licensed producer of poultry or animals" from Section 237-4(5), Hawaii Revised Statutes. Without this phrase, the affected sentence is incomplete and doesn't make sense.

Your Committee further finds that under current law, sales to a licensed producer or to a cooperative association of materials or commodities, including material essential to the growth, nurturing, and production of agricultural products, are considered sales at wholesale and subjected to the general excise tax at the favorable rate of one half of one per cent rather than at the retail sale rate of four per cent. This bill would add polypropylene shade cloth, polyfilm, and polyethylene film to the list of materials or commodities already treated as sales at wholesale.

Upon further consideration, your Committee has amended this bill by:

- (1) Inserting a new Section 1 that describes the purpose of this bill. The language is based on the recommendation of the Department of Taxation to specifically alleviate the reservations of feed lot owners regarding the proposed amendments; and

- (2) Made other technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2505, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2505, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1046-90 Finance on S.B. No. 3443

The purpose of this bill is to appropriate funds for the planning of services for the frail elderly at Maluhia Hospital and to provide training for appropriate staff and for the salary of an interim project director.

This bill provides planning money for the replication of the innovative and nationally recognized On Lok model of health care services. Founded in San Francisco's Chinatown district, On Lok provides affordable health care and housing for the frail elderly.

Your Committee has amended this bill by:

- (1) Correcting the breakdown of the appropriation by increasing the allocation for the project planner/coordinator from \$2,000 to \$32,000;
- (2) 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; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3443, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3443, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1047-90 Finance on S.B. No. 3414

The purpose of this bill is to appropriate funds for the Hawaii Undersea Research Laboratory of the University of Hawaii to purchase:

- (1) A conducting cable to allow the use of remotely-operated vehicles on the ocean floor;
- (2) A long baseline navigation system; and
- (3) A heavy, remotely operated vehicle to be used for scientific, rescue, and recovery operations.

Your Committee received testimony in favor of the bill from the University of Hawaii.

Hawaii now has a 200-mile Exclusive Economic Zone stretching over 1600 miles in length from the island of Hawaii to Kure Atoll. To fully occupy this area and demonstrate management competence with respect to a growing federal assertiveness in this zone, it is necessary for the State to know what it has, what is or is not a resource, and where the sensitive areas are. The only way to do this is with solid, "state of the art" investigations such as those provided by submersibles and remotely operated vehicles.

Your Committee has amended the bill by:

- (1) Increasing the sums to be appropriated from \$1 to \$2 for each item;
- (2) Adding 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 to comply with constitutional and statutory requirements; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3414, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3414, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1048-90 Finance on S.B. No. 2784

The purpose of this bill is to prevent the introduction and spread of the rabies disease in Hawaii by:

- (1) Establishing and operating a rabies education program;
- (2) Establishing and operating a statewide program to monitor the health of unvaccinated dogs and cats to detect the outbreak of rabies;

- (3) Conducting a one-year, statewide rabies research and planning study to collect baseline animal serological data; and
- (4) Appropriating \$189,000 for these programs.

Your Committee has amended this bill to conform it to recommended drafting style. In addition, a new section has been added declaring that the appropriations contained in the bill will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$189,000, or 0.0074 per cent and that such expenditure is necessary to serve the public interest.

Other technical, nonsubstantive amendments have been made for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2784, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2784, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1049-90 Finance on S.B. No. 3146

The purpose of this bill is to improve home and community-based care by:

- (1) Adjusting the expenditure ceiling for the Nursing Home Without Walls program to not more than seventy-five percent of the annual Medicaid cost for comparable institutional care for the caseload rather than for each individual client;
- (2) Establishing an eleven member task force to advise the Department of Health on the allocation and expenditure of funds appropriated for respite care services;
- (3) Appropriating \$1,000,000 to the Department of Health (DOH) for support services and training to families and caregivers who provide home care to individuals with developmental disabilities and mental illness;
- (4) Appropriating \$650,000 to the Executive Office on Aging (EOA) for the expansion of respite care services, a caregiver training program and a caregiver demonstration project;
- (5) Appropriating \$75,000 to the Department of Human Services (DHS) for respite care services for foster care providers;
- (6) Appropriating \$100,000 to the DOH for an assessment of at-home family caregiving;
- (7) Appropriating \$250,000 to the EOA for the expansion of crisis intervention services for the elderly program;
- (8) Appropriating \$176,112 to the DHS for the expansion of senior companion and respite companion programs; and
- (9) Appropriating \$75,000 to the DHS for services and training to families providing home care to a disabled adult or child.

Your Committee has added a new section to the measure stating the reasons why and the amount and rate by which the appropriation exceeds the state spending limit to comply with constitutional and statutory requirements. Other technical, nonsubstantive revisions have been made to the bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3146, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3146, H.D. 2.

Signed by all members of the Committee.

SCRep. 1050-90 Finance on S.B. No. 3088

The purpose of this bill is to assist traditional and small community-based enterprises in building their own communities to be self-sufficient and encourage diversification of opportunities for Hawaii's residents and communities.

This bill establishes:

- (1) A Hawaii community-based enterprise development loan and grant program within the Department of Business and Economic Development;
- (2) A revolving fund to support the program; and
- (3) An advisory council to oversee the actions of the program.

While your Committee concurs with the intent and purpose of this bill, your Committee finds that further discussion is necessary to determine the level of funding necessary to carry out the purposes of this program. In this regard, your

Committee has amended this bill by increasing the appropriation from \$1 to \$2. Your Committee finds that this action will promote future discussions on the level of funding necessary.

To comply with constitutional and statutory requirements, your Committee has further amended this bill to add a section stating the reasons why and the amount and rate by which the appropriation contained in the bill exceeds the state spending limit.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3088, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3088, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1051-90 Finance on S.B. No. 2978 (Majority)

The purpose of this bill is to establish a temporary commission to prepare an overall program to observe the quincentennial celebration of the arrival of Christopher Columbus to the New World.

Your Committee has amended this measure by:

- (1) Reducing the appropriation amount to \$1 for the purpose of further discussion;
- (2) 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;
- (3) Changing the name of the commission to the Commission on the Columbian Quincentennial Celebration;
- (4) Changing the name of the trust fund to the Columbian Quincentennial Celebration Trust Fund; and
- (5) Making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2978, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2978, S.D. 1, H.D. 2.

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

SCRep. 1052-90 Finance on S.B. No. 2906

The purpose of this bill is to improve the Chapter 42 procedures relating to grants, subsidies, and purchases of service and to establish a mechanism for the continuous review of the process.

After due consideration of this bill, your Committee has amended this bill to generally conform it to the provisions of H.B. No. 461, H.D. 1. As amended, the revised purpose of this bill is to shift the focus of decision making to emphasize the importance of applying resources to assessed needs.

Under this measure, State agencies would first identify and assess needs for services and then evaluate the most appropriate service delivery system. If the agency determines that the services can be better addressed through a private provider, the agency would submit a recommended budget as part of its program budget (for inclusion in the Executive or Judiciary budget). Upon appropriation of funds, the State agencies would then advertise for proposals.

While all purchase of service requests would be required to follow this process, requests for grants and subsidies which are not included in the budget request could be submitted directly to the Legislature for consideration.

Article VII, section 4, of the State Constitution requires that public funds shall be used only for public purposes and granted only pursuant to standards established by law. Your Committee finds that this bill meets this constitutional requirement. Your Committee further finds that this bill establishes the means by which to provide the services in the most effective and efficient manner.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2906, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2906, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1053-90 Finance on S.B. No. 3096

The purpose of this bill is to:

- (1) Set forth the authority of the Housing Finance and Development Corporation (HFDC) to develop or rehabilitate housing projects for elders;
- (2) Transfer responsibility for managing, operating, and maintaining housing projects developed by HFDC for elders to the Hawaii Housing Authority (HHA); and

- (3) Specify some guidelines concerning the acceptance of elders, defined as persons 62 years of age or older, and companions of elders not 62 years of age or older, as residents of this type of housing project.

The Director of Finance and the Executive Director of HHA submitted testimony in strong support of this measure which would divide the responsibility of administering the elderly housing program between the HFDC and HHA.

Comments from the Commission on Persons with Disabilities indicated their concern over the exclusion of disabled persons under the age of 62 in this type of housing project. However, HHA indicated that the age limitation of the measure responds to a concern raised by a number of residents in elderly housing projects.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3096, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3096, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1054-90 Finance on S.B. No. 3358

The purpose of this bill is to establish and fund an intrafamily sexual assault program within the adult probation unit of each judicial circuit.

Cases involving sexual assault between family members present some of the most complex and difficult situations for an adult probation officer. The adult probation units envisioned will provide for specialized training which will allow the probation officers to do a more effective job when dealing with intrafamily sexual assault cases. The focus of the program will, hopefully, benefit the offenders as well as the family victims involved.

The State Attorney General, the Probation Administrator of the First Circuit Court, the Captain of the Criminal Investigation Division of the Honolulu Police Department, and the Prosecuting Attorney for the County of Kauai submitted testimony in support of this measure.

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

- (1) Inserted the nominal sum of \$1 in the appropriation section for purposes of continued discussion; and
- (2) Added a new section stating the reasons why and the amount and rate by which the appropriation specified exceeds the state spending limit to comply with constitutional and statutory requirements.

Other technical, nonsubstantive revisions have also been made for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3358, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3358, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1055-90 Finance on S.B. No. 3287

The purpose of this bill is to:

- (1) Extend the statutory authorization to issue special purpose revenue bonds under Chapter 39A, Hawaii Revised Statutes, from December 31, 1991, to December 31, 1995; and
- (2) Authorize the issuance of special purpose revenue bonds in an amount not to exceed \$119,000,000 for capital improvement projects relating to furnishing electric energy to the general public.

A representative for Hawaiian Electric Company, Inc. (HECO), the Hawaii Electric Light Company, Inc. (HELCO), and the Maui Electric Company, Ltd. (MECO), the public utilities that would qualify for the special purpose revenue bonds set forth in the measure, submitted testimony in support of the bill. In addition, a list of capital improvement projects which will be eligible for the special revenue bond financing, including new fossil generating units for MECO and HELCO, was also submitted.

Your Committee finds that HECO, HELCO, and MECO serve 96 per cent of the State's population, and that the use of tax-exempt revenue bond proceeds to finance electric utility plants has the potential to benefit almost every person in Hawaii.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3287, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3287, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1056-90 Finance on S.B. No. 2604

The purpose of this bill is to provide for the celebration of the Year of the Family by:

- (1) Establishing a temporary Year of the Family Celebration Commission consisting of 15 members appointed by the Governor which shall cease to exist after June 30, 1993;
- (2) Setting forth the duties and responsibilities of the Year of the Family Celebration Commission, and specifying that an overall program to recognize the importance of the family unit and encourage and foster strong family relationships is to be developed;
- (3) Establishing a Year of the Family Celebration Trust Fund for the receipt of funds received by the Commission, to be expended by the Commission for the purposes of the Act; and
- (4) Appropriating \$50,000 to the Office of the Governor for Commission activities.

The Office of Children and Youth, the AFC Task Force on the Family, the Eagle Forum of Hawaii, Concerned Kalihi Parents in Action, and the American Parents Association submitted testimony in support of the intent of this measure.

The Hawaii Women's Political Caucus submitted testimony opposing the measure.

Your Committee has amended the bill as follows:

- (1) Added a new section stating the reasons why and the amount and rate by which the appropriation exceeds the state spending limit to comply with constitutional and statutory requirements; and
- (2) Made technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2604, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2604, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1057-90 Finance on S.B. No. 3492

The purpose of this bill is to create the Hawaii strategic development corporation to encourage and foster innovation and the development and application of high technology in industry to promote the welfare of citizens in this State, economic growth, adequate employment, and economic diversification.

Your Committee received testimony in support of this bill from the Department of Budget and Finance, and the Department of Business and Economic Development.

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

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3492, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3492, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1058-90 Economic Development and Hawaiian Affairs on S.B. No. 2273

The purpose of this bill is to amend Section 10-12, Hawaii Revised Statutes, to eliminate the requirement for the Board of Trustees to approve all officers and employees hired by the Office of Hawaiian Affairs.

Your Committee finds that the bill is consistent with the Board of Trustees' desire to delegate to the administrator of the Office of Hawaiian Affairs specific decision making power when dealing with specific personnel matters. The bill will increase the efficiency of management practices and provide for greater flexibility.

Your Committee required testimony regarding constitutional and legal objections to the bill. The State Attorney General reviewed the proposed amendments and found them to be consistent with the Hawaii State Constitution and the Hawaii Revised Statutes.

The bill was amended to stipulate that it shall take effect on July 1, 1990.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2273, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2273, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1059-90 Economic Development and Hawaiian Affairs on S.B. No. 2699

The purpose of this bill is to amend the Hawaiian Homes Commission Act, 1920, as amended, to authorize the Department of Hawaiian Home Lands (DHHL) to extend the term of a lease for up to a total of one hundred and ninety-nine years when less than thirty years remain on a lease or when it is necessary to extend the lease for the lessee to be eligible for a loan. The bill also changes from the time the lease is executed to the time the lease begins for the beginning point of the requirements that lessees must occupy their tract within one year and are exempt from all taxes for the first seven years.

Your Committee has amended this bill to reflect the substance of H.B. No. 2485, H.D. 1, by:

- (1) Providing the DHHL discretionary power to extend a lease when necessary and justified, up to a maximum period of one hundred and ninety-nine years;
- (2) Giving the DHHL authority to deny a request for extension; and
- (3) Exempting lessees from taxes assessed on the value of the tract itself, apart from the value of improvements made on the tract.

It is your Committee's intent that the DHHL make rules under the rule-making powers in Section 222, HHCA, governing when and for what reasons it will grant or deny requests for extensions of leases.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2699, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2699, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1060-90 Economic Development and Hawaiian Affairs on S.B. No. 2701

The purpose of this bill is to amend the Hawaiian Homes Commission Act, 1920, as amended (HHCA), to allow the Department of Hawaiian Home Lands (DHHL) to obtain water for agricultural operations.

Section 221 of the HHCA allows the DHHL to obtain water for Hawaiian home lands to adequately "supply the livestock, aquaculture operations, or domestic needs of individuals on any tract." The HHCA does not mention agricultural operations as an allowable use for the DHHL to obtain water, yet agricultural operations are one of the major forms of homesteading. Your Committee believes that the term "agricultural operations" should include but not be limited to irrigation water for agricultural cultivation and pastoral uses.

Your Committee has amended this bill by deleting the definition provided for "agricultural operations." Technical, nonsubstantive amendments have also been made for purposes of style and clarity.

Your Committee on Economic Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2701, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2701, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1061-90 Intergovernmental Relations and International Affairs on S.B. No. 2342

The purpose of this bill is to:

- (1) Provide that the publication of comprehensive ordinance codes of all counties be updated and indexed as required by ordinance;
- (2) Repeal the requirement that the counties publish the supplements to the codes each year;
- (3) Provide that the head of each county council immediately submit to the county's budget director a schedule of expenditures following the enactment of the operating budget ordinance;
- (4) Repeal the prohibition on the imposition or collection of ad valorem assessments by the counties to replenish the reserve fund; and
- (5) Allow the medical examiner of a county to assist the medical examiner of any other county.

Your Committee received no testimony on this measure, and has therefore amended this bill by deleting its contents and inserting the substance of H.B. No. 2338 H.D. 1, which is related to a subject contained in S.B. No. 2342 and which received favorable testimony when previously heard by your Committee.

This bill, as amended, allows the counties greater flexibility in determining the form of the annual supplement to comprehensive ordinance codes.

Presently, statutes require that these annual supplements be published as cumulative pocket part supplements. Your Committee finds that the problem of re-publishing the cumulative materials contained in the supplement is cumbersome

and time consuming, causing an unacceptable hiatus between the enactment of ordinances and the publication of the supplement. The looseleaf form permitted under this measure would greatly aid in the timely processing and publishing of the supplement.

Your Committee on Intergovernmental Relations and International Affairs is in accord with the intent and purpose of S.B. No. 2342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2342, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1062-90 Transportation and Education on S.B. No. 3323

The purpose of this bill is to grant exemptions to pupil transportation restrictions in order to allow the transportation of pupils by vehicles other than school vehicles. This bill allows exemptions to be granted for transportation to and from school-related functions in accordance with criteria developed by the Departments of Education and Transportation.

Your Committees received testimony on this measure from the Hawaii School Bus Association, the Superintendent of Education, the Department of Transportation, the Hawaii State Teachers Association, the Hilo High School Student Activities Council, the Hawaii Congress of Parents, Teachers and Students Association, Save Money And Ride Together, and Millani Paratransit Services.

Your Committees agree that occasions occur in which a school bus may not be the most appropriate means of transporting students to and from school functions or school-related activities. Your Committees are also in agreement that, although school buses are equipped with certain features which enhance their safety, an adequate supply of school buses may not be available on certain occasions to meet the student transportation needs for school-related functions or activities.

Your Committees have amended this bill by requesting that the Department of Education submit a report to the Department of Transportation at the end of each school year on the extent to which these exemptions are being utilized. Your Committees have further amended this bill by deleting provisions allowing for exemptions on a case by case basis for the transportation of students requiring special service. Technical, non-substantive amendments were also added for the purposes of style and clarity.

Your Committees on Transportation and Education are in accord with the intent and purpose of S.B. No. 3323, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3323, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1063-90 Transportation and Health on S.B. No. 2115

The purpose of this bill is to exempt persons possessing special parking placards from paying metered parking fees for any designated parking space.

Your Committees received testimony from the Department of Accounting and General Services, the Paralyzed Veterans of America, the Commission on Persons with Disabilities, and various concerned citizens.

Your Committees agree that the basic premise for the issuance of a disabled parking placard is to address the needs of individuals with a mobility impairment which limits their ability to walk long distances, or to provide such individuals with a larger parking stall to enter or exit the automobile. Your Committees are also in agreement that the State's disabled parking program is in compliance with all federal guidelines and specifications. Moreover, your Committees find that the number of parking stalls for disabled persons in State facilities has been increased to accommodate the needs of disabled individuals.

Your Committees find, however, that there are situations where a disabled person may have a disability which makes it difficult, or precludes that individual from feeding a parking meter. Your Committees further find that assessing meter fees for a patron of a disabled parking stall is not a functional means of parking fee assessment.

Your Committees have amended this bill as follows:

- (1) By limiting the exemption from metered parking fees to parking stalls that are designated for disabled persons;
- (2) By deleting the time restrictions which the disabled person may park; and
- (3) By deleting requirements for a separate special placard.

Your Committees on Transportation and Health are in accord with the intent and purpose of S.B. No. 2115, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2115, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1064-90 Transportation on S.B. No. 3454

The purpose of this bill is to extend the demonstration project with off-hour roadwork on Interstate H-1 between the Kapiolani and Kahauiki interchanges until June 30, 1991.

Your Committee received testimony from the Department of Transportation and the Department of Health.

Your Committee finds that Interstate H-1 is a heavily used traffic corridor and any road construction, repair, or maintenance work results in traffic congestion. Your Committee also finds that off-hour roadwork has proven to be an effective method of repairing and maintaining roads while minimizing traffic congestion.

Your Committee has amended this bill by removing the provision exempting the Department of Transportation from all State and county laws, ordinances, and regulations that prohibit and regulate night work between the hours of 6:00 p.m. and 6:00 a.m. Your Committee finds that exempting the Department of Transportation from existing ordinances is not in the best interest of the public.

Your Committee has also amended this bill by removing amendments to section 3 of Act 255, Session Laws of Hawaii 1989.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3454, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3454, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1065-90 Transportation on S.B. No. 3168

The purpose of this bill is to raise the appraisal value at which abandoned vessels may be disposed of without requiring a public auction. This bill also eliminates the need for public advertisement prior to the Department of Transportation selling a vessel by negotiation, disposing of the vessel as junk, or donating the vessel to any governmental agency.

Your Committee received favorable testimony from the Department of Transportation.

Your Committee finds that the administrative costs of holding a public auction for vessels that have been appraised lower than \$250, are often greater than the auctioned vessel.

Your Committee has amended this bill by retaining the provision for public advertisement of vessels prior to selling a vessel by negotiation, disposing of it as junk, or donating the vessel to any governmental agency. Your Committee feels that a public advertisement is necessary to adequately notify the public about the intent to dispose of the vessel.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3168, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1066-90 Consumer Protection and Commerce and Judiciary on S.B. No. 2174

The purpose of this bill is to amend Section 431:10C-117(a)(2), Hawaii Revised Statutes, to allow judges the discretion to impose community service work in lieu of the current statutory fines for conviction for not having a no-fault motor vehicle policy.

Your Committees replaced the language of this bill with the language of the companion bill, H.B. No. 2786, H.D. 1, because it provided a good faith defense, as well as, judicial discretion regarding subsequent offenses. Your Committees believe that allowing the judges the discretion to impose community service hours in lieu of statutory fines still comports with the intent of the law, to sanction those who drive without no-fault insurance.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 2174, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2174, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1067-90 Consumer Protection and Commerce on S.B. No. 2694

The purpose of this bill is to amend Chapter 443B, Hawaii Revised Statutes, to allow the Department of Commerce and Consumer Affairs (DCCA) to regulate collection agencies more effectively.

Your Committee believes that this bill will allow the DCCA to have tighter control over the registration and discipline of collection agencies.

Your Committee has amended this bill by making technical, non-substantive changes for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2694, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1068-90 Consumer Protection and Commerce on S.B. No. 2697

The purpose of this bill is to strengthen the laws relating to the licensure of pharmacists under Chapter 461, Hawaii Revised Statutes.

Specifically, this bill:

- (1) Changes the work experience requirement for licensure from one year to 2,000 hours;
- (2) Establishes temporary license provisions for pharmacists licensed in other states who are not eligible for reciprocity;
- (3) Allows reinstatement of expired licenses by payment of all current and penalty fees, rather than all back fees, and allows the Board of Pharmacy (Board) to establish rules for reinstatement of licenses which have been inactive for five years or more; and
- (4) Imposes a 2,000 hour practical experience requirement for reciprocity and allows the Board to establish additional requirements by rule.

Technical, nonsubstantive changes that mirror the language of H.B. No. 2483 were made for clarity and style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2697, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2697, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1069-90 Consumer Protection and Commerce and Health on S.B. No. 2122

The purpose of this bill is to implement the recommendations of the Legislative Auditor by regulating electrologists, by regulating tattoo artists, by amending the sunset review schedule to include the new regulatory groups, and by clarifying the subjects of health regulations.

Your Committees believe there is a need to have sanitarians regulated by the Department of Health; the regulation of the profession of electrologists be by the Department of Commerce and Consumer Affairs, but that the regulation of electrologist shops be by the Department of Health; and that facial tattooing should be limited to physicians.

Your Committees have amended this bill by replacing the language of this bill with the language contained in the companion bill H.B. No. 2417, H.D. 1. However, your Committees have retained the provisions of the Senate bill relating to the regulation of tattoo artists (denial of licensure; discipline, complaints; penalties; fees; and grandfather provisions).

Your Committees have also retained the provision amending Section 26-9 to add the boards and commissions already placed in the Department of Commerce and Consumer Affairs for administrative purposes and have made technical, nonsubstantive changes for purposes of style and clarity.

Your Committees note that the reference made in the penalties provision of the regulation of electrologists to "civil action" does not limit the Department of Commerce and Consumer Affairs, Regulated Industries Complaints Office to pursue administrative remedies which are available to them. Your Committees also note that a distinction can be drawn between a "civil action" and "civil penalty", the former term meaning any action which does not connote the criminal process.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of S.B. No. 2122, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2122, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1070-90 Consumer Protection and Commerce on S.B. No. 2600

The purpose of this bill is to amend several sections of Chapter 102, Hawaii Revised Statutes, to broaden the bid deposit requirements for concessions on public property to include all credit union instruments.

Your Committee believes that credit unions can provide the same assurances of security for their instruments as banks or savings and loans, since credit unions are federally insured institutions, their instruments are as secure as instruments issued by federally insured banks or savings and loans. Therefore, your Committee believes that credit union instruments

should be allowed to be used to secure bids for concessions on public property. Technical, nonsubstantive changes that mirror the language of H.B. No. 2310, H.D. 1, were made for clarity and style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2600, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1071-90 Consumer Protection and Commerce on S.B. No. 2838

The purpose of this bill is to amend Section 431:19-102, Hawaii Revised Statutes, to make permanent the requirement that the Insurance Commissioner appoint an advisor to review captive insurance company applications.

Your Committee notes that the Insurance Commissioner had testified that the statutory advisor fee limit was occasionally exceeded. Your Committee believes that the Insurance Commissioner should have some flexibility in establishing the fees. However, your Committee does not intend to give the Commissioner unbridled discretion in setting the fees to be paid by the applicant.

Your Committee has therefore amended this bill by replacing the language of the bill with the language of the companion bill H.B. No. 2350, H.D. 1, in order to delete the statutory fee limits and give the Commissioner the authority to set reasonable fees.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2838, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2838, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1072-90 Consumer Protection and Commerce on S.B. No. 2346

The purpose of this bill is to change the registration period for real estate preclicensure schools and instructors from an annual fiscal year period to a biennial calendar year period. It also clarifies the Real Estate Commission's (Commission) authority to adopt rules establishing requirements for registration of real estate preclicensure schools and instructors, for renewal of these registrations, and for reinstatement of a forfeited real estate school's or instructor's registration. The bill amends Section 467-25.5(a) and (c)-(g), Hawaii Revised Statutes.

Your Committee understands that this bill would make the renewal schedule easier to administer if the renewal fee was paid biennially rather than annually. Further, this bill clarifies the Commission's authority to adopt rules which would include the registration, renewal, and reinstatement of a forfeited real estate school's and instructor's registration.

Your Committee has amended this bill by making a technical, nonsubstantive change for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2346, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2346, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1073-90 Consumer Protection and Commerce on S.B. No. 2693

The purpose of this bill is to amend Section 401-3, Hawaii Revised Statutes, to provide a clear statutory statement that the role of the Commissioner of Financial Institutions is to ensure that financial institutions are not engaging in any unsafe or unsound financial practices.

The Commissioner of Financial Institutions (Commissioner) notes that under current law, the doctrine of safety and soundness is only mentioned in the context of the Commissioner's emergency powers in times of a national or state-wide crisis. Although the Commissioner felt that the proposed amendments were basically of a housekeeping nature, he also believed that the amendments were important to enhance the Division's efforts to gain accreditation by the Conference of State Bank Supervisors which has stated that a clear statutory statement of the Division's mission is appropriate.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2693, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1074-90 Consumer Protection and Commerce on S.B. No. 2696

The purpose of this bill is to amend Section 455-8, Hawaii Revised Statutes, by repealing the continuing education requirement for naturopathic physicians.

Your Committee believes that the requirement for continuing education for naturopathic physicians would have no substantial effect on the quality of naturopathic services available to consumers. Further, your Committee believes that a correlation between continuing education and the competency level of naturopathic physicians was not shown. Therefore, the continuing education requirement should be eliminated. The companion bill, H.B. No. 2482, Relating to Continuing Education for Naturopathic Physicians, which will not have a public hearing, was also reported out of the House of Representatives unamended.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2696, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1075-90 Consumer Protection and Commerce on S.B. No. 3038

The purpose of this bill is to amend Section 378-3, Hawaii Revised Statutes, to allow federally insured financial institutions to deny employment to any person or to discharge any employee convicted of a criminal offense involving dishonesty or a breach of trust, unless the institution has approval of the federal agency with jurisdiction, to hire or retain the person.

Your Committee notes that this bill is necessary since under Hawaii law, it is an unlawful discriminatory practice for an employer to refuse to hire a person on the basis of an "arrest and court record". Therefore, this bill would place financial institutions in accord with federal law by allowing a financial institution which has deposits insured by federal agencies having jurisdiction over the financial institution to deny employment or to discharge from employment persons convicted of a criminal offense involving dishonesty or breach of trust, unless it has the prior written consent of the federal agency having jurisdiction over the financial institution to hire or retain the person.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3038 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1076-90 Consumer Protection and Commerce on S.B. No. 52

The purpose of this bill is to amend several sections of Chapter 403, Hawaii Revised Statutes, to clarify the law allowing banks to open branches without restrictions; require the Commissioner of Financial Institutions to ensure solvency of a bank before allowing the bank to open an additional branch; and to amend the title of Chapter 403.

Your Committee heard testimony in support of this bill from the Department of Commerce and Consumer Affairs, Commissioner of Financial Institutions, who indicated that this bill is a housekeeping measure to clarify the procedure to be used in opening and maintaining bank branches. Further, this bill also repeals branch zone limitations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 52, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1077-90 Consumer Protection and Commerce on S.B. No. 3239

The purpose of this bill is to amend various sections of Chapter 431:10A, Hawaii Revised Statutes, the Medicare Supplement Law, in response to changes in the federal Medicare Program.

Your Committee agrees that this bill is necessary to bring Hawaii's law in accord with federal law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3239, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1078-90 Consumer Protection and Commerce on S.B. No. 2839

The purpose of this bill is to amend Article 14 of Chapter 431, Hawaii Revised Statutes, regulating insurance rating organizations and advisory organizations and rate filings.

Your Committee notes that the companion bill, H.B. No. 2538, H.D. 1, substantively amended the original version of this bill with changes developed by the Insurance Division in accord with members of the domestic insurance industry, the Hawaii Insurance Rating Bureau and the Insurance Services Office. Your Committee has therefore amended this bill to reflect the language of H.B. No. 2538, H.D. 1.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2839, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2839, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1079-90 Finance on S.B. No. 2706

The purpose of this bill is:

- (1) To extend the provisions of Act 237, Session Laws of Hawaii 1988, through June 30, 1992;
- (2) To appropriate an additional \$500,000 to carry out the purposes of Act 237; and
- (3) To delete the provision in Act 237 requiring reimbursement for the cost of surveying a parcel of land acquired through the Act.

This measure would ensure the provision of long-term leases to certain permittees of agricultural land by deleting statutory language which allows the Department of Land and Natural Resources (Department) to recover surveying costs from these permittees.

The Department submitted testimony in support of this measure. However, the Department requested greater flexibility in hiring temporary personnel and consultants.

Your Committee has amended this bill by:

- (1) 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;
- (2) Permitting the Department to hire temporary personnel and consultants without regard to the requirements of Chapters 76 and 77, and Section 78-1, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2706, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2706, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1080-90 Consumer Protection and Commerce and Judiciary on S.B. No. 2314

The purpose of this bill is to to strengthen and clarify the laws relating to massage therapy by prohibiting the association of the term "massage" with unlicensed activities such as "escort" or "dating" services in advertisements for massage.

Your Committees heard testimony in favor of this bill from the Board of Massage Therapy (Board), the Honolulu Police Department (HPD), the Hawaii State Chiropractic Association, Inc. (HSCA), the Hawaii Massage Therapy Association (HMTA), the American Massage Therapy Association, Inc., (AMTA), massage therapists, and a representative from the Waikiki Residents Association.

The Board testified that it supported the intent of the bill if it is determined that the prohibition of advertising massage services together with escort services has been determined to be free from antitrust problems and problems of legally protected speech. The Board also expressed concern that current licensees who hold out-call massage licenses would be affected by this bill since the bill deletes the section of out-call massage services. The Board therefore recommended that those licensees who already hold out-call licenses should be allowed to retain them until its expiration.

The HMTA testified in favor of the intent of the bill, however, it felt that the bill did not offer the massage community enough protection for its advertising problem. Therefore, the HMTA suggested that the bill be amended to clarify what type of advertising would be allowed. The HMTA further stated that Bell South Telephone Company has strict guidelines for massage advertising.

The massage therapists supported the bill and also requested amendments to the bill which would further restrict massage advertisements. A former chairperson of the Board of Massage Therapy stated that the amendments proposed were taken from New York Statutes and include that body images and personal descriptions must be removed from advertisements; include the term "therapeutic" and "therapy" with reference to "massage"; reword the advertising law to include the "in-column" advertisements which are now exempted; and return the penalty to a misdemeanor.

A massage therapist testified in opposition to the bill stating that this bill eliminates the out-call service license thereby placing a massage therapist who holds an out-call license out of business. He stated that the Department of Labor requires two licenses in order to be a legitimate business (an out-call license and an establishment license). Further, he stated that a self-respecting professional therapist would not allow his/her license number to be associated with escort and dating services.

A GTE Hawaiian Tel (GTE) representative pointed out that the proposed language in Section 452-23 was vague and susceptible to constitutional challenge as a recent Hawaii court ruled that this type of language is vague. (The State of Hawaii filed suit against GTE Hawaiian Tel in 1986 alleging that the company violated Section 444-9.2 by publishing various Yellow Pages advertisements without including in those advertisements a valid contractor's license number. The

circuit court declared that the statute was void for vagueness.) GTE was concerned because the language in Section 452-23(a) appears equally vague because the language is virtually identical to the language in Section 444-9.2(a), that the court declared unconstitutional. Therefore, GTE suggested that the Committee follow the approach of the 1988 amendment to Section 444-9.2.

Your Committees believe that this bill is intended to strengthen and clarify the laws relating to advertisements for massage therapists.

Further, your Committees note that although out-call massage services provisions will be repealed, licensees who hold massage licenses will be able to continue to perform out-call massage without an out-call license. Your Committees believe that an out-call license, as well as a massage license, is redundant.

Your Committees note that under the First Amendment of the U.S. Constitution a total prohibition of the depiction of the human form (as suggested by the massage therapist testifiers) may be struck down by a court as overbroad. It could be argued that the prohibition substantially regulates protected speech or association in such a way as to produce a "chilling effect" on protected rights, and thus would be overly broad and void on its face. However, the basic argument in prohibiting the depiction of human form is that the regulation must further an important government interest unrelated to the message being communicated, and that the incidental restriction on the ability to communicate that message must be "narrowly tailored" to the furtherance of the governmental interest in question. Your Committees note that it has been struggling with this issue for several years to find a solution to this problem. Your Committees believe that the total prohibition of the depiction of human form may be necessary because the massage therapists want to promote a more professional image and want to disassociate themselves from escort or dating services which are associated with illegal activity. The depictions of the human form, as used in the massage advertisements in the Yellow Pages of the GTE Hawaiian Tel Directory (Directory), are the type of depictions which professional massage therapists find objectionable because the depictions do not portray the type of service massage therapists perform. (Your Committees note that truth in advertising is not the issue in question.) Therefore, in order not to draw a distinction between different types of human form, your Committees believe that a total prohibition is warranted.

Although commercial speech is protected by the first amendment, commercial speech may be restricted if the state has a substantial interest which cannot be achieved by a more carefully designed restriction. Your Committees believe that the governmental interest to be served in not deceiving or misleading the public into believing that all massage therapists are fronts for illegal activity is strong; the proposed regulation advances that interest; and the regulation proposed is not more extensive than necessary since other avenues of relief have not been successful.

Your Committees have, therefore, amended this bill in the following manner by:

- (1) Replacing the conjunctive word "and" with "or", page 5, line 12. This change was made to clarify that a person would not have to violate all subparagraphs to be in violation of the advertising section;
- (2) Deleting subparagraph (4), page 5, line 13-15. This change was made because the intent of the provision was unclear to the Committees;
- (3) Adding language which would prohibit the depiction of the human form in advertising as suggested by several testifiers;
- (4) Mandating that the word "therapeutic" or "therapy" be used whenever the word "massage" is used in order to conform with the current statutory language;
- (5) Prohibiting references to any personal qualities of the practitioner;
- (6) Reformulating the language of the advertising provision of the bill to comport with Hawaii case law; and
- (7) Changing the penalty provision for any person who practices massage to a petty misdemeanor and by changing the penalty for an owner of a massage establishment who allows unlicensed activity to a misdemeanor. This change was made to conform with other standard penal code provisions.

Further your Committees note that the word "violation" has not been changed to "misdemeanor" as a number of testifiers suggested because a violation of the massage advertising would be a misdemeanor, as stated in the preamble of the section.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 2314, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2314, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1081-90

Consumer Protection and Commerce and Health on S.B. No. 2204

The purpose of this bill is to amend Sections 23-51 and 23-52, Hawaii Revised Statutes, which state the criteria used in the report prepared by the Legislative Auditor to assess the social and financial impact of any proposed changes to mandatory health insurance coverage. This bill is designed to clarify the criteria to be used in assessing the social impact of changes.

Your Committees heard testimony in support of this bill from the Legislative Auditor, the Department of Health, the Hawaii Medical Service Association, the Founders Group, and Kokua Council for Senior Citizens of Hawaii.

The Legislative Auditor stated that it was not clear to them as to what types of indirect costs should be assessed on the question of costs and benefits of mandated health insurance coverage. Therefore, in their studies, they interpret this criteria to include changes in morbidity, mortality rates, practice patterns, or other factors that could result from adding the coverage.

The Department of Health believed that this bill would guarantee a more thorough review of the issues involved.

The Hawaii Medical Service Association and Founders Group testified that this bill would clarify the ambiguity contained in the existing statutory language.

Although this bill removes the broad language used to define indirect costs and replaces it with more specific language for areas to study, your Committees feel that the language, as contained in this bill, may be too restrictive and preclude incorporation of relative areas of study that are not specifically cited. Your Committees do not want the specific language to be construed as all inclusive, but only as a guideline. In order to clarify the intent of your Committees, this bill has been amended to allow for broader studies. The Legislature should have the ability, through the resolution process, to direct and expand the content of the import of the studies when appropriate.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of S.B. No. 2204, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2204, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1082-90 Consumer Protection and Commerce on S.B. No. 57

The purpose of this bill is to delete from Section 431:10C-202, Hawaii Revised Statutes, the expired subsection that provides mandatory rate reduction for no-fault benefits on motor vehicles equipped with seat belts.

The Department of Commerce and Consumer Affairs and the Hawaii Insurers Council testified in favor of this housekeeping measure. The Hawaii Insurers Council pointed out that virtually all motor vehicles are now equipped with seat belts, therefore a mandatory rate reduction in insurance premiums for motor vehicles equipped with seatbelts is no longer necessary.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 57 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1083-90 Consumer Protection and Commerce on S.B. No. 2833

The purpose of this bill is to amend Chapter 514A by creating a procedure for the Real Estate Commission to intervene in the removal of a board member who violates certain provisions of the Condominium Property Act and by providing a more timely special meeting on the removal and replacement of board members.

Your Committee heard testimony in favor of this bill from the Blue Ribbon Advisory Committee (BRAC), the Hawaii Council of Associations of Apartment Owners (HCAAO) and the Hawaii Independent Condominium & Cooperative Owners (HICCO).

The BRAC testified that this bill provides a mechanism permitting the removal of a member(s) of a condominium board of directors who deliberately refuses to obey Chapter 514A. The removal is permissive in allowing such removal if there is continuous and persistent refusal to follow the provisions of Chapter 514A.

The HCAAO testified that the establishment of a reasonable deadline in which special meetings must be scheduled to consider removal of a board member was agreed to with representatives of HICCO.

The Real Estate Commission (Commission), the Condominium Property Regime Committee of the Hawaii State Bar Association (HSBA) and the Hawaii Association of Realtors (HAR) testified in opposition to this bill.

The Commission did not support Section 1, but did support Section 2 of the bill. The Commission and the HSBA noted that the lack of knowledge of the law and its rationale causes more problems than the "intentional" disregard for it. The HSBA and HAR also noted that it frequently is very difficult to convince individuals to volunteer their time to serve on a board of directors of a condominium association. Further, HAR stated that any legislative amendment that further discourages condominium owners from serving on board of directors should be avoided.

The Commission stated that their experience showed that when the board member was informed of the law and its rationale, the board member has complied; and the Regulated Industries Complaints Office, who receive and investigate complaints pertaining to some sections of Chapter 514A, report no cases of board members "intentionally" violating any sections under the Commission's authority. The Commission also testified that this bill may have a tremendous impact on the resources of the Commission, RICO, and the Attorney General's Office, thus the timely processing of violators may not be achieved. Therefore, the Commission has started a program of work in the educational area for condominium board members, managing agencies, and apartment owners.

The Commission pointed out that the first program of work is a mediation program through the Neighborhood Justice Center. With the limited information received, the apartment owners of at least five condominium projects were successful in removing or replacing board members during the past year using the present provision of Chapter 514A. Thus, with the present mediation program at the Neighborhood Justice Center and the proposed improved Commission mediation program, an apartment owner has another means to address the five areas of violations of this bill.

Your Committee notes that the bylaws of the condominium project contain provisions for removal of board of directors and Hawaii laws also have provisions for removal of directors as guidelines. Your Committee notes that the bill provides another avenue for condominium owners to pursue removal. However, in recognizing the administrative concerns of the Commission, your Committee has amended this bill in the following manner:

- (1) By including a drop dead provision in two years with a report from the Commission. This trial period would allow the Commission to see if this removal procedure works. The Report should include, among other things, the impact of the law as it relates to the negative effect (if any) in encouraging persons to serve as directors; and if the intended purposes of the removal provisions are met;
- (2) By replacing the words "one month" with "thirty days", page 2, line 9. This change was made to clear any ambiguity in determining how long "one month" may be;
- (3) By deleting item (5), page 1, line 18-19 because the "conflict" provision is broad and, therefore, likely to lead to protracted disputes under this section; and
- (4) By inserting language to amend Section 514A-133 to require a report to the Legislature on an annual basis. This would ensure that the legislature is aware of both past and proposed expenditures for the Condominium Management Education Fund created last year by Act 285.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2833, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2833, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1084-90 Planning, Energy and Environmental Protection and Judiciary on S.B. No. 3109

The purpose of this measure, as received by your Committees, is to make housekeeping amendments to Act 212, Session Laws of Hawaii 1989, which repealed the law on environmental quality, Chapter 342, Hawaii Revised Statutes, and replaced this chapter with seven new chapters regarding the environmental welfare of the State.

Your Committees find that some of the amendments made by Act 212 are contrary to the original language and intent of these environmental statutes. This measure will strengthen and clarify the Department of Health's statutory enforcement position and eliminate conflicts found in related subsections. In addition, this measure will correct definitions, remove references to media appearing in the wrong chapters, remove references to "variances" when it was never intended to allow variances, and insert subsection references that had been overlooked.

The Department of Health provided testimony in support of this measure.

Your Committees have also amended this measure by inserting H.B. 2897, H.D. 1, a bill that was supported by the House but failed to meet the internal lateral deadline in the Senate. The purpose of H.B. 2897 is to amend the State's law relating to environmental emergency response.

Your Committees have also made nonsubstantive amendments to correct technical drafting errors.

Your Committees on Planning, Energy and Environmental Protection and Judiciary are in accord with the intent and purpose of S.B. No. 3109, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3109, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 1085-90 Planning, Energy and Environmental Protection on S.B. No. 2781

The purpose of this measure is to encourage the use of recycled products by awarding the procurement preference of materials purchased with public monies to bidders whose goods have the greatest percentage of recycled raw materials and enables the comptroller to establish rules which include percentages and methods of determining content of recycled raw material to qualify for the procurement preference.

Testimony from the Department of Accounting and General Services indicated that Sections (a) and (b) of the measure were contradictory in that each provides a different basis for awarding the procurement preference, and recommended that Section (a) be deleted. Your Committee has amended this measure accordingly.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 2781, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2781, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1086-90 Planning, Energy and Environmental Protection on S.B. No. 3028

The purpose of this bill is to strengthen existing statutes by permitting the Land Use Commission further control over a proposed development by voiding a change in zoning if the petitioner does not make a substantial commencement of the approved land use activity.

Testimony was provided by the Land Use Commission, the Office of State Planning, the City and County of Honolulu, Hawaii Resort Developers Conference, the Land Use Research Foundation, and the Environmental Center of the University of Hawaii.

While providing testimony, several organizations expressed concern that the amendment to section 205-4(g) would eliminate the due process rights of a party that has received a boundary amendment from the Land Use Commission. The Land Use Research Foundation (LURF) clarified that in some instances a petitioner may not be able to engage in "substantial commencement", and cited that in the course of lengthy county planning and zoning processes, the county may have required substantial changes. LURF provided a revision that would allow the party to show cause as to why the property should not revert to its former land use classification or be changed to a more appropriate classification. Your Committee has amended this measure accordingly.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 3028, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3028, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1087-90 Water and Land Use on S.B. No. 2219

The purpose of this bill is to allow the Board of Land and Natural Resources (BLNR), after notification and public hearing, to amend restrictions contained in a hotel lease that has been in effect for at least twenty years if the amendments are in the public interest.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources; the Hawaii Hotel Association, Kauai Chapter; various businesses; and the Aston Kauai Resort Hotel and its employees. Those opposing this measure included the County of Kauai, the Kauai Historical Society and various individuals.

After due consideration of this measure, your Committee has amended this bill to generally conform it to the provisions of H.B. No. 1261, H.D. 1.

Your Committee has further amended this measure by:

- 1) Increasing the number of votes needed for the BLNR to amend a lease by replacing the phrase "two-thirds of the total membership" (on lines 16 to 17, page 1 of the bill, as received) with "five members." Your Committee finds that since six members comprise the BLNR, a two-thirds requirement only constitutes a simple majority; your Committee believes that a vote greater than a simple majority is warranted for amending such a lease; and
- 2) Adding a new SECTION 1 amending Section 171-5, Hawaii Revised Statutes, by replacing the word "Any" with the phrase "Except as provided in section 171-41.5(a), any." This amendment is necessary to make the statutes consistent with the amendment described above.

Your Committee on Water and Land Use is in accord with the intent and purpose of S.B. No. 2219, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2219, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1088-90 Finance on S.B. No. 2159

The purpose of this bill is to authorize funds for land purchase, design, site preparation, improvements to land, construction, and necessary equipment for capital improvement projects. This bill authorizes the issuance of general obligation bonds in the sum of \$4 for four unspecified projects.

Your Committee finds that this bill will serve as a vehicle for funding of additional capital improvement projects deemed necessary by the legislature. For purposes of further discussion, your Committee has amended the amounts specified for each project from \$1 to \$2.

Your Committee has also amended the lapsing date from June 30, 1993 to June 30, 1992 to conform to lapsing provisions specified in the General Appropriations Act of 1989. Other technical, nonsubstantive amendments have been made for the purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2159, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2159, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1089-90 Finance on S.B. No. 2376

The purpose of this bill is to provide a tax credit to satisfy the constitutional requirement under Article VII, section 6, of the Hawaii State Constitution that the Legislature provide 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.

Your Committee concurs with the intent and purpose of this bill, but finds that further discussion is necessary to determine the appropriate level of tax credit needed to carry out the purposes of this measure. Accordingly, your Committee has amended this bill by inserting the nominal sum of \$1 to promote future discussions on the appropriate level of the tax credit.

Other technical, nonsubstantive amendments have been made for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2376, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2376, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1090-90 Finance on S.B. No. 3115

The purpose of this bill is to allow the Director of Taxation to appoint an Administrative Rules Officer and Administrative Rules Specialists, as necessary, to direct the adoption of administrative rules and the issuance of other memoranda relating to the taxes administered by the Department of Taxation.

Your Committee finds that in past years, the Department of Taxation has hired temporary attorneys to fulfill these duties. The Department desires to institute permanent positions that are necessary because of the current backlog in this area.

The designation of an Administrative Rules Officer and Specialists under the Director of Taxation will assure that the administration of the State's tax laws and policy are set forth in a systematic and orderly manner.

The Department of Taxation submitted testimony in support of this measure.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3115, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3115, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1091-90 Finance on S.B. No. 1985

The purpose of this bill is to establish the Hawaii Bishop Research Institute as a collaborative effort between the Bishop Museum and the University of Hawaii.

Testimony in favor of this measure was submitted by the University of Hawaii, the Bishop Museum, and Hawaiian Evolutionary Biology Program.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1985, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1985, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1092-90 Finance on S.B. No. 1719

The purpose of this bill is to:

- (1) Create a State Transit Capital Development Fund to assist the counties with the capital costs involved in developing mass transportation;
- (2) Deposit \$50 million from general excise tax revenues annually into the State Transit Capital Development Fund from September 1, 1991, to September 1, 2005; and

- (3) Deposit \$80 million from general excise tax revenues annually into the State Highway Fund from September 1, 1990, to September 1, 1994.

Your Committee received testimony supporting the intent of this measure from the Department of Transportation, the Office of the Managing Director of the City and County of Honolulu, the Chamber of Commerce of Hawaii, the Small Business Council, the Hawaii State AFL-CIO, the Hawaii Business Roundtable Incorporated, the Honolulu Mass Transit Coalition, and many individuals.

The Tax Review Commission and the Tax Foundation of Hawaii expressed reservations regarding this measure.

Your Committee has amended this bill by:

- (1) 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;
- (2) Reducing from \$50 million to \$2 the sum from all general excise tax revenues to be deposited annually to the credit of the State Transit Capital Development Fund from September 1, 1991 to September 1, 2005;
- (3) Inserting \$2 in the appropriation section for purposes of continued discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1719, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1719, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1093-90 Finance on S.B. No. 3169

The purpose of this bill is to create the Registered Nurse Student Financial Support Program and the Hawaii Registered Nurse Student Loan Fund to provide low-interest loans to qualified students who intend to become licensed registered nurses and work in Hawaii.

There is a growing shortage of nurses in Hawaii. Recent efforts to address this problem have included increasing nursing salaries and increasing the capacity of the University of Hawaii system to educate nurses. But many nursing students today are adults preparing for second careers, some of whom are supporting families as they are studying. This program will assist these students with the financial difficulties of nursing school and encourage them to remain and work in Hawaii.

Testimony in support of this bill was submitted by the Department of Health, the University of Hawaii, the Healthcare Association of Hawaii, nursing groups, nursing students, hospitals, and senior citizen groups.

Your Committee has made the following amendments to the bill:

- (1) Limited the use of the loans to schools in the University of Hawaii system;
- (2) Deleted the repeal date, and replaced it with a provision that no loans shall be made after June 30, 1995, to ensure a review of the program;
- (3) Appropriated \$250,000 for the purposes of the bill;
- (4) Added 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; and
- (5) Made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3169, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3169, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1094-90 Finance on S.B. No. 2907

The purpose of this bill is to promote the optimal health of pregnant women and to ensure the best outcomes for all births by appropriating resources to:

- (1) Establish a perinatal care hotline referral and resource service for pregnant women and women of childbearing age;
- (2) Establish a three-year demonstration project to provide incentives to pregnant women to seek perinatal care;
- (3) Establish a three-year demonstration project to provide at least three programs for comprehensive perinatal services in needy areas and reimbursement for comprehensive services for low-income or high-risk pregnancies;

- (4) Establish a three-year demonstration project to provide a flat rate medicaid reimbursement to physicians and certified nurse midwives for deliveries according to payment schedules comparable to prevailing rates of reimbursements;
- (5) Expand eligibility under the federally funded Women, Infants, and Children (WIC) program so that all women receiving medicaid assistance and all members of families in which a pregnant woman or infant receives medicaid assistance are considered automatically income eligible for the WIC program;
- (6) Amend Section 324-1 to include the Department of Health as one of the entities that may receive data for use in the course of any study on reducing maternal and perinatal morbidity or mortality; and
- (7) Amend Section 324-2 to extend to the Department of Health, all restrictions provided therein regarding the use and confidentiality of data.

Your Committee received testimony in support of this bill from the Departments of Health and Human Services; the Hawaii Medical Service Association; the Kapiolani Medical Center for Women and Children; the Hawaii Healthy Mothers, Healthy Babies Coalition; the American College of Obstetricians and Gynecologists; the National Association of Social Workers, Inc.; the Office of Children and Youth; and the Hawaii Public Health Association.

The Department of Health testified that recently enacted federal law mandates that the states provide a prenatal care hotline referral and resource service. The proposed prenatal hotline would put the State in compliance with this federal mandate. The Department emphasized that if funds are not appropriated for the proposed hotline, existing services to the community will need to be cut back.

Your Committee has amended the bill as follows:

- (1) Explained that because the establishment of the proposed prenatal hotline service is mandated by recently enacted federal law, if the Department of Health is not appropriated resources for this purpose, it will have to cut back on existing services to the community; and
- (2) Clarified that the maternal care incentives project shall develop incentives, rather than just a coupon book, to allow participants to receive maternal and infant supplies at little or no cost;
- (3) Limited the neighbor island comprehensive perinatal care project to one site in any area of the State demonstrating need for comprehensive perinatal services and reduced the appropriation therefor to \$350,000;
- (4) Directed that findings and recommendations with regard to the medicaid patient delivery supplement demonstration project shall be submitted at least twenty days, rather than thirty days, prior to the convening of the pertinent legislative sessions;
- (5) Reduced the appropriation for the medicaid patient delivery supplement project to \$1,250,000;
- (6) Explained that the proposed expansion of eligibility under the WIC program will enable pregnant women to obtain adequate food and nutrition during pregnancy, which will contribute to higher birth weight babies with fewer medical problems;
- (7) Reduced funding for WIC program from \$650,000 to \$50,000;
- (8) Added 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 to comply with constitutional and statutory requirements;
- (9) Deleted amendments to Sections 324-1 and 324-2; and
- (10) Made technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2907, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2907, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1095-90

Finance on S.B. No. 2919

The purpose of this bill is to amend the transient accommodations tax (TAT) by:

- (1) Establishing a Transient Accommodations Tax Fund into which all TAT collections will be deposited;
- (2) Allocating forty per cent of such collections for tourism promotion and distributing the rest to the counties according to certain percentages;
- (3) Increasing the TAT to 5.25 per cent; and
- (4) Amending the definitions of "gross rental" and "gross proceeds" to exclude the amount of the TAT passed on, collected, and received from the consumer as part of the gross rental income subject to tax.

Testimony in support of this measure was submitted by the Hawaii Hotel Association and the Hawaii Convention Park Council. However, the Department of Taxation, the Chair of the City Council of the City and County of Honolulu, the Director of Finance of the County of Hawaii, the Hawaii State Association of Counties, and the Tax Foundation of Hawaii expressed concerns over the provisions of the bill.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the trust fund;
- (2) Maintaining the present 5 per cent TAT;
- (3) Distributing the entire TAT collections to the counties; and
- (4) Making other technical, nonsubstantive amendments to correct drafting errors and for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2919, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2919, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1096-90 Finance on S.B. No. 2799

The purpose of this bill is to increase the costs and fees charged by sheriffs and police officers for serving criminal and civil summonses, warrants, attachments, and other criminal and civil processes.

This bill also increases the travel allowance and per-person-served fee for sheriffs, and serving or levying officers.

A representative of several deputy sheriffs from the Civil Division of the Office of the Sheriff testified in support of this measure, noting that certain fees have not been increased since 1984. In addition, the testimony indicated that an increase is needed to maintain the morale of personnel engaged in the service of civil and criminal process as well as to increase the incentive for prompt service of process.

Your Committee has amended this measure as follows:

- (1) Increased the cost for unsuccessful service after due and diligent search when the person to be served has left the State from \$2 to \$3;
- (2) Increased the cost for serving writ of possession or restitution, putting any person entitled into the possession of premises, and removing a tenant pursuant to a court order from \$1 to \$2; and
- (3) Made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2799, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2799, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1097-90 Finance on S.B. No. 1630

The purpose of this bill is to:

- (1) Initiate an "autonomous operation" pilot project for Maui Memorial Hospital which would minimize administrative "red tape" and encourage the participation of local health care professionals in service decision-making for the facility for a two-year period;
- (2) Authorize the initiation of an "autonomous operation" pilot project for the Hilo Hospital for a two-year period, if the facility administrator makes a request that is supported by the Public Health Facility Management Advisory Committee;
- (3) Set forth a definition of "autonomous operation";
- (4) Specify certain policies, rules, and procedures that will be waived for the duration of the pilot projects when requested by the Director of the Department of Health (Director);
- (5) Establish an exemption from certain statutory provisions relating to the hiring of personnel and special fund reimbursements, and bid and advertising requirements, for the duration of the pilot projects; and
- (6) Mandate the preparation of a project completion report by the Director.

The Director submitted testimony in support of the measure.

Your Committee has amended the measure by:

- (1) Specifying that interim status reports be submitted not less than twenty days prior to the convening of the 1991 and 1992 regular sessions and a final project completion report be submitted not less than twenty days prior to the 1993 regular session to the Governor, the Senate President, and the House Speaker;
- (2) Revising the "drop dead" provision by extending the effective date of Section 8 of the bill to January 1, 1993, to allow for the finalization of the completion report before the section's expiration;
- (3) Making basic grammatical and punctuation revisions; and
- (4) Making other technical, nonsubstantive amendments to conform the bill to accepted statutory drafting techniques, including deleting unnecessary section titles.

Other technical, nonsubstantive revisions have been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1630, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1630, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1098-90 Finance on S.B. No. 3170

The purpose of this bill is to allow the Department of Health to:

- (1) License developmental disabilities domiciliary homes for individuals with developmental disabilities or mental retardation who are unable to live independently and who require supervision or care, but do not require nursing care in a domiciliary setting; and
- (2) Adopt rules to administer the licensing of domiciliary homes and their respective facilities and staffs.

This bill would implement the recommendations of the Legislative Auditor in the report entitled, "Evaluation of the Quality of Care in Homes Serving People with Developmental Disabilities", which stated that, "the Legislature should amend Chapter 333-F, Hawaii Revised Statutes, to require the Department of Health to establish a certification program for specialized care homes serving residents with developmental disabilities..."

This bill will also provide an appropriate level of care payments to service providers whose homes meet licensing standards.

Supportive testimony was submitted by the Department of Health (DOH), the State Planning Council on Developmental Disabilities, the Commission on Persons with Disabilities, and the Association for Retarded Citizens of Hawaii. The DOH noted that an appropriation of \$75,000 is needed for the additional materials, staffing, and training required to adequately administer the licensing of domiciliary homes.

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.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3170, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3170, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1099-90 Finance on S.B. No. 2769

The purpose of this bill is to allow the Housing and Finance Development Corporation (HFDC) to sell, lease, or rent dwelling units or improved lots to government agencies and nonprofit entities.

Your Committee finds that current law appears to prohibit the HFDC from selling, leasing, or renting a dwelling unit or improved lot to an entity other than a "qualified resident". This measure clarifies that government agencies and nonprofit organizations, in addition to qualified residents, may purchase, lease, or rent units from the HFDC. As a result, the development of housing opportunities for special needs populations, including group homes, congregate living facilities, and employee housing, will be facilitated.

Your Committee received supporting testimony from the Housing and Finance Development Corporation (HFDC), the Department of Health, the Commission on Persons with Disabilities, and the Affordable Housing Alliance.

Technical, nonsubstantive changes have been made for the purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2769, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2769, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1100-90 Finance on S.B. No. 2587

The purpose of this bill is to provide a statewide comprehensive and coordinated interdisciplinary program of early hearing impairment screening, identification, and follow-up for children, from neonates to thirty-six months of age, and their families.

It is intended that the State Department of Health develop this program into the early intervention activities of the Department in compliance with the federal Education of the Handicapped Act Amendments of 1986.

Your Committee received testimony in strong support of this bill from the Department of Health, the State Planning Council on Developmental Disabilities, the Office of Children and Youth, the Commission on Persons with Disabilities, the Hawaii State Coordinating Council on Deafness, the Hawaii Medical Association, the Queen's Medical Center, the Kapiolani Medical Center for Women and Children, the Hawaii Early Intervention Coordinating Council, the Hawaii Public Health Association, and many other organizations and private citizens.

Your Committee has amended the 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.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2587, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2587, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1101-90 Finance on S.B. No. 2794

The purpose of this bill is to supplement the State's institutional health care reimbursements funds for inpatient care under the medical care payments law.

Your Committee received testimony in support of the intent of this measure from the Department of the Attorney General, the Department of the Health, the Department of Human Services, the Hawaii Medical Association, the Healthcare Association of Hawaii, the Queen's Medical Center, the Kuakini Medical Center, the Saint Francis Medical Center, the Kapiolani Health Care System, and the Long Term Care Association.

Your Committee has amended this measure by:

- (1) Reducing the appropriated amount for supplementing institutional health care reimbursements from \$8 million to \$1;
- (2) Designating the Department of Health as the expending agency;
- (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; and
- (4) Making technical, nonsubstantive amendments to correct drafting errors and for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2794, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2794, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1102-90 Finance on S.B. No. 3150

The purpose of this bill is to allow the Hawaii Housing Authority (HHA), with the approval of the Governor, to disregard submitted bids on a project if all such bids exceed the allocated funding for the project, and to negotiate with other entities to facilitate the completion of the project within the prescribed budgetary limits.

Under current law, the HHA is required to resolicit bids from the public in the event that submitted bids exceed the allocated budget. This measure will give HHA the authority to negotiate agreements without complying with state bid requirements, upon the approval of the Governor. The proposed exemption will help expedite and reduce the costs of the development of low-income housing in the State.

The Hawaii Housing Authority submitted testimony in support of the bill.

Your Committee has amended the bill to clarify that the scope of any contract negotiated with a non-bidder would be the same as that for which bids were originally requested.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3150, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3150, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1103-90 Finance on S.B. No. 3143

The purpose of this bill is to establish a mandatory work program for certain applicants and recipients of Aid to Families with Dependent Children (AFDC).

The program, to be known as the job opportunities and basic skills (JOBS) program, is to be administered by the Department of Human Services in accordance with the federal JOBS program requirements.

Testimony in support of this measure was submitted by the Department of Labor and Industrial Relations, the Department of Human Services, the Office of Children and Youth, the Hawaii Community Services Council, the Hawaii Chapter of the National Association of Social Workers, the Committee on Welfare Concerns, and the Honolulu Community Action Program.

Your Committee has amended this bill by making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3143, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3143, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1104-90 Finance on S.B. No. 3039

The purpose of this bill is to establish a correctional industries program within the Department of Public Safety to provide a comprehensive work program for inmates.

The full development of inmate employment opportunities would enable correctional industries programs to operate in a cost-effective manner.

Your Committee finds that this bill will enable the Department of Public Safety to restore the work ethic within the correctional system. The development of a broad-based industrial and agricultural program that reflects the work environment in the community is an important step in assuming the safe return of offenders to the community.

In part, the bill proposes to:

- (1) Establish the correctional industries program to allow expanded industries programs to generate revenue to sustain its operation and allow for capital investment. The program should be structured to allow for the increased involvement of correctional industries in providing specific training skills to offenders to increase their employment prospects after release;
- (2) Develop industries that provide a maximum level of work for all qualified, able-bodied inmates;
- (3) Provide an environment for the operation of correctional industries similar to that of a private business operation;
- (4) Encourage cooperative training ventures between the correctional industries program and the private sector; and
- (5) Provide for low-cost construction, renovation, and repairs of facilities for private non-profit social service, education, and health agencies and programs.

In addition to the program, there is established the correctional industries advisory committee that shall advise the Department of Public Safety of the feasibility of establishing venture agreements with private sector businesses to utilize the services of qualified, able-bodied inmates.

Testimony in support of this bill was submitted from the Department of Corrections and the Special Master to the Department of Corrections.

Your Committee has amended the bill by adding the definition of an "administrator" as the administrator of the correctional industries program to clarify who would "head" the program. Other technical, nonsubstantive amendments were made to the bill for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3039, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3039, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1105-90 Finance on S.B. No. 3093 (Majority)

The purpose of this bill is to:

- (1) Increase the amount of moneys that can be advanced to the Homes Revolving Fund from moneys available in the general fund from \$120,000,000 to \$170,000,000;
- (2) Authorize the Housing Finance and Development Corporation (HFDC), as part of its affordable housing program, to use the homes revolving fund as advances of capital for the rental housing system administered by HFDC;
- (3) Appropriate \$50,000,000 to the homes revolving fund from the proceeds of revenue bonds, short-term project notes, and other evidences of indebtedness issued by HFDC; and
- (4) Authorize HFDC, with the approval of the Governor, to issue revenue bonds, short-term project notes, and other evidences of indebtedness in an aggregate principal amount sufficient to yield the sum of \$50,000,000.

When the Homes Revolving Fund was established in 1988, the HFDC anticipated developing one major planned community at a time, with some overlap in development timetables. However, because of the acute housing shortage, HFDC has been working at an accelerated pace. Additional funds are needed to meet HFDC's goal of producing 20,000 housing units by the year 2000.

These funds would be used for the development of necessary infrastructure and improvements, as well as the construction of homes in the master planned communities. By speeding up the development of its projects, the repayment of money to the state general fund would also be advanced.

Your Committee received testimony in support of the bill from the Department of Budget and Finance and the Office of Housing and Community Development of the County of Hawaii.

Upon further consideration, your Committee has amended the bill by:

- (1) Reducing the amount which may be advanced from \$170,000,000 to \$145,000,000;
- (2) Reducing the appropriated amount in Section 3 from \$50,000,000 to \$25,000,000;
- (3) Amending the effective date to July 1, 1990; and
- (4) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3093, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3093, S.D. 2, H.D. 2.

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

SCRep. 1106-90 Finance on S.B. No. 3077

The purpose of this bill is to establish a revolving fund within the Department of Health from which loans may be made for the establishment of programs providing housing for recovering alcohol and substance abusers as mandated by the federal Anti-Drug Abuse Act of 1988 (Public Law 100-690).

The establishment of the proposed revolving fund will ensure the continued receipt by the State of approximately \$7,000,000 in federal mental health and substance abuse anti-drug abuse grants.

The Department of Health submitted testimony in strong support of this measure.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3077, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1107-90 Finance on S.B. No. 3147

The purpose of this bill is to maintain personal care services provided by the Department of Human Services at an appropriate level of home care by increasing the payment of such services from a ceiling of 65 per cent to a ceiling of 75 per cent of the annual Medicaid cost for comparable care in intermediate care or skilled nursing facilities.

Primary clients of these personal care services are often severely disabled adults such as quadriplegics who require maximum service in order to remain in the community.

Your Committee finds that the current requirement of not exceeding 65 per cent creates a hardship in servicing recipients adequately because of the dramatic rise in personal care and skilled nursing costs.

Your Committee received testimony in support of this bill from the Department of Human Services, the Commission on Persons With Disabilities, the National Association of Retired Federal Employees, and the Kokua Council for Senior Citizens.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3147, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1108-90 Finance on S.B. No. 3121

The purpose of this bill is to make all persons or corporate officers, excluding those with only ministerial functions, liable for payment of taxes if they willfully fail to perform their corporate duties related to the collection, accounting, and payment of income taxes withheld in trust by employers.

Under current law, only employers and corporate officers are liable for failure to perform such duties. However, in today's business world, it is not uncommon for a high-level corporate employee who is not a corporate officer to be the person responsible for the collection and reporting of the employees' taxes withheld to the State. An example of such an employee is one in a managerial capacity with the authority to do the following:

- (1) Sign the withholding tax returns;
- (2) Authorize payments to creditors of the corporation; or
- (3) Sign disbursement checks.

This measure would make these employees in managerial capacities liable upon their willful failure to collect, account for, and pay over to the State, the required tax amounts. At the same time, this bill conforms Hawaii tax law to similar provisions contained in the Internal Revenue Code.

This bill excludes from liability those employees who are only engaged in ministerial duties. Employees performing ministerial duties include persons performing clerical functions, such as compiling payroll information and assisting in the preparation of tax returns or disbursement checks but without authority to sign the tax returns or checks.

Your Committee received testimony in support of this bill from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3121, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1109-90 Finance on S.B. No. 2695

The purpose of this bill is to allow the Hawaii Public Broadcasting Authority to create temporary positions, exempt from civil service and compensation law, to be funded through the Hawaii Public Broadcasting Revolving Fund.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA). DCCA testified that the Hawaii Public Broadcasting Authority has become a major producer of public television programs for broadcast to local, national, and international audiences in the last two years and as a result, the workload now exceeds the capabilities of the Authority's limited permanent staff. The authorization to hire temporary workers will help the Authority continue its mission of producing these programs.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2695, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1110-90 Finance on S.B. No. 2294

The purpose of this bill is to make offers-in-compromise in state tax cases available for public inspection and review.

While federal offers-in-compromise are subject to public scrutiny, state offers-in-compromise are not subject to public disclosure. Your Committee finds that information regarding the name of the taxpayer, the type of tax assessed, and the amount of the tax assessed for offers-in-compromise for state taxes should be disclosed to the public to maintain the confidence in and integrity of state tax assessment and collection procedures.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2294, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1111-90 Finance on S.B. No. 3148

The purpose of this bill is to authorize the Hawaii Housing Authority (HHA) to certify for exemption from general excise taxes qualified persons or firms involved with the rehabilitation or construction of housing developed by HHA pursuant to Chapters 356 and 359, Hawaii Revised Statutes.

Currently, only the Housing Finance and Development Corporation has the exemption authorization.

Due to increasing public demand for affordable, low-income units and low-income rental units, there is a need for the timely and expeditious development of housing projects. To facilitate the development or rehabilitation of low-income housing projects, the HHA should be authorized to certify this type of general excise tax exemptions.

Testimony in support of the measure was submitted by the HHA.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3148, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1112-90 Finance on S.B. No. 46

The purpose of this bill is to increase the maximum towing charges for vehicles left unattended on private and public property to \$40 a tow, and \$50 a tow using a dolly.

The current charges of \$25 a tow, and \$37.50 a tow using a dolly, were established in 1976 and have not kept pace with rising costs and inflation.

The Hawaii Automotive & Retail Gasoline Dealers Association and the Vice President/Secretary and General Manager of Century Enterprises submitted testimony in support of this measure.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 46, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1113-90 Finance on S.B. No. 2157

The purpose of this bill is to establish a permanent job-sharing program in the Department of Health.

The measure defines job-sharing as the voluntary sharing of a full-time permanent employee's position with another employee, with each person working one-half of the total number of hours and performing one-half of the work required. Each job-sharing employee shall receive a percentage of the full-time salary to which each is respectively entitled.

According to evaluations of the Legislative Auditor conducted on other job-sharing programs in the Department of Education and the State Library system, job-sharing provides a viable employment option to qualified, valued, and trained personnel who might otherwise not be able to continue their employment with the State.

The Department of Health, the Department of Personnel Services and HGEA/AFSCME Local 152 submitted testimony in support of this measure.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2157, S.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1114-90 Finance on S.B. No. 2730

The purpose of this bill is to increase the ordinary disability retirement benefit for members in the contributory plan to one and three-fourths percent of the member's average final compensation for each full year of credited service with a minimum of thirty percent of the member's average final compensation.

According to the actuary of the Employees' Retirement System, the cost to provide these additional benefits would be approximately \$1.7 million per year of which the State's share would be 75 percent or approximately \$1.3 million. The 25 percent balance would be attributed to the counties.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2730, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1115-90 Finance on S.B. No. 3156

The purpose of this bill is to amend civil service procedures by allowing the Director of Personnel Services to authorize temporary limited appointments and provisional appointments to vacancies when there are fewer than five eligible persons available on a list.

At the present time, the statutory provisions do not permit temporary appointments to vacancies as long as a list containing one eligible person is available. In most instances, a list with only one eligible is not sufficient to make a reasonable selection. As a result, it is difficult to fill temporary vacancies as soon as possible with the best qualified and suitable persons.

Similarly, as in the case for temporary appointments, the current law does not permit provisional appointments as long as a list containing one eligible is available.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3156, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1116-90

Consumer Protection and Commerce on S.B. No. 210

The purpose of this bill is to amend Section 431:10C-410, Hawaii Revised Statutes by requiring the insurance commissioner to set a schedule for community service work as restitution to the joint underwriting plan when public assistance drivers receiving the basic no-fault policy at no cost is convicted for the offense of driving under the influence (DUI) of intoxicating liquor or drugs, or for any other specified moving traffic violation.

Your Committee heard testimony from the Department of Commerce and Consumer Affairs, Insurance Division (Insurance Division) who pointed out that no-fault policies for all public assistance recipients are issued at a flat composite premium, regardless of their driving record. The Insurance Division stated that they were concerned as to the magnitude of penalty hours under the proposed bill and suggested that a fixed number of community service work hours per \$100 in penalty fines levied and/or doubling of the usual community service work hours may prove to be a more effective structure.

The Hawaii Independent Insurance Agents Association (HIIA) testified in support of this bill because by imposing community service work, an alternative penalty is imposed.

Your Committee recognizes that public assistance drivers pay no insurance premiums, and thus, the premium increases associated with driving under the influence or other moving violations would not apply. Your Committee also recognizes that there is no increase in the costs of the joint underwriting plan for maintaining a public assistance recipient's no-fault insurance policy as a result of the driver's conviction.

Your Committee understands that the public assistance driver cannot pay the fine, and is thus "released" from the economic deterrents for violating various traffic laws. Since no economic deterrent is available for the public assistance driver, and your Committee believes some penalty should ensue, your Committee has amended this bill by keying the penalties to the community service alternative for driving without valid no-fault insurance. Thus, for example, a first DUI conviction under this section would result in a community service requirement of not less than seventy-five, nor more than one hundred hours. Your Committee has further amended the bill to limit these sanctions to the most serious violations, to wit, convictions for driving under the influence of intoxicating liquor or drugs. This bill has also been amended to place its provisions within a more appropriate section of the no-fault law, Section 431:10C, Part IV, Subpart A, Hawaii Revised Statutes. The effective date of this bill has been amended in order not to have this act retroactively enforced.

Technical, nonsubstantive amendments have been made for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 210, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached the form attached hereto as S.B. No. 210, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1117-90

Consumer Protection and Commerce on S.B. No. 1490 (Majority)

The purpose of this bill is to allow a person who is injured in two separate motor vehicle accidents within a six month period to combine the medical rehabilitative expenses at the discretion of the medical or rehabilitative provider when there is a question of apportionment of medical or rehabilitative costs.

Your Committee heard testimony in support of this bill from the Hawaii Academy of Plaintiffs' Attorneys (HAPA). HAPA testified that when Hawaii established the medical-rehabilitative threshold requirement, it did not envision a scenario where a person could be involved in two motor vehicle accidents within a short time span wherein the injuries are such that it is difficult to determine or "apportion" where the injuries from one accident leave off and the injuries from the other come on. In these circumstances, physicians are then treating the patient for the result of two accidents, but only submitting one billing. The Committee notes that "apportionment" as used in this context is different from apportionment between two or more affected insurance carriers or between two or more affected defendants.

Opponents of this bill, which included the Hawaii Insurers Council, cited concern that allowing the combination would result in more people bringing suits.

Your Committee believes that the parameters of this bill are narrow enough not to allow for abuse and that injured persons who fall into this category do have a significant problem. Neither the Insurance Commissioner nor any insurance industry representative could cite figures on the number of cases that would meet the requirements of this bill, but the consensus was that it would be small. There should be no financial impact on the premium costs to the consumers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1490, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

(Representatives Andrews, Bellinger, Peters and Cavasso did not concur.)

SCRep. 1118-90 Consumer Protection and Commerce on S.B. No. 2460

The purpose of this bill is to amend Section 431:10G-104, Hawaii Revised Statutes, to authorize insurance companies to issue temporary liability binders for up to ninety days to persons who have motorcycle or motor scooter learner's permits, but have not been able to enroll in, or complete, an approved motorcycle education course.

Your Committee heard testimony in support of this bill from a representative of the Chancellor's Office (Chancellor's Office) of the Community College system and a representative of the Honolulu Motorcycle Dealer's Association (HMDA) who also is an agent for Progressive Insurance Company, a motorcycle insurance underwriter. The Chancellor's Office pointed out that their Employment Training Office has been delivering motorcycle safety education programs on a self-sustaining basis to the public since 1981 on the island of Oahu, but that this program was not offered on the other islands because of cost limitations. The Chancellor's Office believed that this bill would allow them to provide experienced drivers on the neighbor islands with an education program at reasonable rates on a self-sustaining basis, however, a new motorcycle driver education program would still not be available.

The Department of Commerce and Consumer Affairs, Insurance Division, testified that they had no objections to the proposed amendment. The Insurance Division stated that they recognized the dilemma faced by motorcyclists attempting to obtain insurance in order to take a licensing road test since motorcycle liability insurance may be written for a person with a motorcycle license or a person with a learner's permit upon completion of an approved motorcycle education course.

Informational testimony was also received from GEICO Insurance (GEICO), which insures a large portion of the motorcycle population in Hawaii. GEICO believed that the cost of the temporary insurance would most likely be prohibitive to the consumer. GEICO testified that it does not reject an applicant solely because the applicant has only a motorcycle learner's permit; they require an inexperienced operator to complete a motorcycle education course. Therefore, a new rider who has neither passed a motorcycle course nor a licensing exam, represents a serious risk and the policy premium would be cost prohibitive to reflect that risk.

Another view was expressed by the Progressive agent who stated that his company could provide the necessary insurance coverage at a reasonable cost.

Your Committee believes that an insurance dilemma does exist for those people who want to take the motorcycle driving course in order to lower their insurance premiums. Your Committee understands that Progressive Insurance Company is willing to offer the necessary motorcycle insurance at a reasonable cost. Therefore, persons who have motorcycle or motor scooter learner's permits, but who have not been able to enroll in or complete an approved motorcycle education course will be able to obtain insurance at a reasonable rate.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2460, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1119-90 Planning, Energy and Environmental Protection on S.B. No. 3285

The purpose of this bill is to amend Chapter 182, Hawaii Revised Statutes (HRS), by redefining "geothermal resources" so as to exclude from its definition any water, mineral in solution, or other product obtained from naturally heated fluids, brines, associated gases, and steam located below the ground with a temperature of 150 degrees Fahrenheit or less. In doing so, your Committee is aware that such resource development is still subject to the provisions covering mineral leases established in Section 182-7 HRS.

The legislative intent is to encourage the development of new industries, such as health spas, by excluding them from the permit requirements associated with geothermal power facilities.

Testimony from the Department of Business and Economic Development suggested an amendment that would allow drilling of exploratory wells for scientific purposes or for the determination of economic viability outside of designated subzones. These allowances would be subject to all state and county permits and not exempt from the provisions of Chapter 343, HRS. Your Committee has amended this measure accordingly.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 3285, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3285, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 1120-90 Finance on S.B. No. 2597

The purpose of this bill is to provide income tax relief to the citizens of the State by:

- (1) Reducing the top tax bracket from ten per cent to nine per cent;
- (2) Reducing the number of tax brackets from eight to four;
- (3) Increasing the standard deduction amounts;
- (4) Combining the food and excise tax credits into one food/tax credit; and
- (5) Eliminating the preferential capital gains tax rate.

Both the Tax Foundation and the Tax Review Commission presented their concerns regarding the proposed tax package.

The Hawaii Association of Realtors opposed increasing the capital gains tax rate from 7.25% to 9%.

Testimony in support of this measure was submitted by the Department of Taxation and the Hawaii Society of Certified Public Accountants.

Upon further consideration, your Committee has amended this bill by:

- (1) Increasing the food/excise tax credit from \$45 to \$60;
- (2) Restoring the preferential capital gains tax rate; and
- (3) Making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2597, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2597, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1121-90 Finance on S.B. No. 2377

The purpose of this bill is to ensure the fiscal integrity of the State by:

- (1) Subjecting all existing special and revolving funds to a one-time evaluation by the Legislative Auditor; and
- (2) Establishing a review process for all new and proposed special and revolving funds.

As received, this bill provides for the termination of each fund existing on or prior to July 1, 1990, on June 30 in the years from 1991 to 1995 according to a progressive schedule established in the bill. This bill further provides that no fund shall be terminated unless the Auditor recommends termination and the Legislature approves the termination through the passage of legislation repealing the fund.

Your Committee received testimony from the Department of Budget and Finance, the Judiciary, and the Tax Foundation of Hawaii supporting the intent of this measure.

Upon further consideration, your Committee has amended the bill by:

- (1) Changing the automatic repeal dates to review dates;
- (2) Deleting the provision requiring the Auditor to establish a progressive schedule of repeal dates;
- (3) Specifying the procedures and timetable relating to the review of new and proposed special and revolving funds;
- (4) Moving the Surplus Federal Property Revolving fund under the Department of Accounting and General Services (DAGS), rather than the Department of Budget and Finance (DBF);
- (5) Moving the State Risk Management Revolving Fund under DAGS, rather than the DBF;
- (6) Moving the Hawaii Community Development Revolving Fund, Reserved Housing Loan Program Revenue Bond Special Funds, and the Public Facility Revenue Bond Special Funds under the Department of Business and Economic Development, rather than the Housing Finance and Development Corporation;
- (7) Moving the Veterans Bonds Fund under the DBF, rather than the Department of Human Services;
- (8) Changing the review date for the Driver Education and Training Fund to June 30, 1993;

- (9) Combining the Revolving Funds for Correctional Stores and Correctional Industries Account under the Department of Public Safety to be reviewed by June 30, 1995;
- (10) Deleting the reference to Section 171-13.5 concerning the appropriate special fund for deposit of proceeds of sale at public auction of property abandoned or seized because this section does not establish a special fund, but rather provides for the disposition of the proceeds into an appropriate existing fund whether it be general fund or a special fund;
- (11) Conforming the bill to accepted statutory drafting style; and
- (12) Making technical, nonsubstantive amendments throughout the bill for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2377, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2377, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1122-90 Finance on S.B. No. 2776 (Majority)

The purpose of this bill is to afford relief to General Motors dealers in Hawaii who made use tax payments to the State on imported motor vehicles, not realizing that the General Motors Overseas Distribution Corporation had made excise tax payments on the same motor vehicles during the period from 1969 to 1978.

This bill waives the statute of limitations under Sections 237-40, 238-7, and 238-13, Hawaii Revised Statutes, to claim for a credit or refund for the payment of use taxes by the aforementioned dealers.

Upon further consideration, your Committee has amended this bill to afford relief to anyone in the State who has made use import tax payments to the State where such use import tax payments were also being made by another taxpayer. This bill amends Section 237-40, Hawaii Revised Statutes, by:

- (1) Establishing a twenty year statute of limitations for claims based on duplicate payment;
- (2) Requiring the claimant, in the case of a claim based on duplicate payment, to prove that the tax for which the claim is being made was not passed through to a third party;
- (3) Limiting 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; and
- (4) Requiring any refund due to be made in three annual installments.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2776, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2776, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.
(Representative Isbell did not concur.)

SCRep. 1123-90 Finance on S.B. No. 3119

The purpose of this bill is to make technical amendments for the consistent application of the tobacco tax on tobacco products as they are distributed throughout the State.

Upon further consideration, your Committee has completely revised the bill to change the current forty percent ad valorem tax on cigarettes to a fixed excise tax of 1.8 cents on each cigarette sold by the wholesaler or dealer.

Currently, cigarettes are defined as a "tobacco product" under Section 245-1, Hawaii Revised Statutes. The sale or use of all "tobacco products" by a wholesaler or dealer is subject to an excise tax of forty percent of the wholesale price of the product sold. Based on current wholesale prices, this translates to 36 cents per pack. Under this bill, a separate excise tax would be imposed on only cigarettes equal to 1.8 cents for each cigarette sold or used by a wholesaler or dealer. Assuming 20 cigarettes per pack, this also translates to 36 cents per pack. Other tobacco products such as cigars, snuff, chewing tobacco, and smoking tobacco would continue to be subject to the existing excise tax of forty percent of the wholesale price of the product sold.

Your Committee finds that the changes contained in this bill are both fair and reasonable, and will bring the method of taxation of cigarettes in line with those of other states.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3119, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3119, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1124-90 Finance on S.B. No. 3129

The purpose of this bill is to amend the commercial motor vehicle licensing law to facilitate its implementation in accordance with federal standards.

More specifically, among other things, this bill:

- (1) Allows the State to contract the administration of the commercial vehicle skills test to third party examiners;
- (2) Exempts certain classes of drivers from the commercial motor vehicle skills test;
- (3) Establishes a notification, hearing, and appeals when the examiner of drivers suspends, revokes, or cancels a commercial driver's license or permit; and
- (4) Raises penalties for individuals who falsify or fail to report certain information, and for drivers who continue to drive after their license has been revoked, suspended, or cancelled.

Your Committee received testimony favoring the intent of this bill from the Department of Transportation, the Department of Finance of the City and County of Honolulu, and the Hawaii Transportation Association.

Your Committee finds that this bill is necessary to bring state law into conformance with federal mandates.

Upon further consideration, your Committee has accepted the recommendations of the Department of Transportation by amending the bill as follows:

- (1) Specify that the counties rather than the State contract with the third party examiners since the counties are being reimbursed all costs in implementing this program;
- (2) Delete the oral notification requirement to conform the bill to the federal rules;
- (3) Provide that the amount of reimbursement be determined by the Director of Transportation for budgetary control; and
- (4) Add disqualification of a person's license or permit as another condition requiring notification to the employer.

Other technical, nonsubstantive amendments have been made for the purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3129, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3129, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1125-90 Finance on S.B. No. 3246

The purpose of this bill is to clarify the general excise tax law with regard to whether common expenses paid by owners of time share units are taxable gross income when received by the plan manager. This bill proposes to resolve the issue by exempting amounts received by the plan manager of a time share plan from the general excise tax law.

Your Committee finds that there appears to be a misunderstanding by the time share industry that its time share plans are either:

- (1) Nonprofit entities not subject to taxation; or
- (2) Similar to condominiums and cooperative housing corporations and thus entitled to the same tax treatment.

In 1967, the Legislature exempted condominium property regimes and cooperatives from paying the general excise tax on amounts collected for common expenses. In making this exemption, the Legislature noted that it was placing condominiums and cooperatives on a parity with owners of other types of real property interests.

Since the statutory recognition of the time share owners associations by Chapter 514E, Hawaii Revised Statutes, many of the associations of interval owners (time share owners associations) have not paid the general excise tax. Consequently, the Department of Taxation did not become aware of the nonpayment of the tax until recently. Since then, the Department has audited the associations and is proceeding to retroactively assess and collect the unpaid general excise taxes.

Your Committee finds that the Department of Taxation is correct in its interpretation of the general excise tax law and that the associations of interval owners should have paid the tax from their inception. At the same time, your Committee recognizes that retroactive assessments would require the associations of interval owners either to make special assessments that would be unfair to current time share owners, or to seek payment from former owners. To resolve this unique dilemma, your Committee has amended this bill by deleting its substance and inserting language directing that:

- (1) The Department of Taxation cease to enforce the retroactive collection of the tax imposed by Section 237-13(10), Hawaii Revised Statutes, on amounts received by associations of interval owners in payment of maintenance fee assessments imposed by the association prior to July 1, 1990;
- (2) Any association of interval owners which paid the tax imposed on these amounts may apply to the Department of Taxation for a refund in accordance with the limitation periods set forth in Section 237-40(d), Hawaii Revised Statutes, for a refund of that portion of the tax imposed on maintenance fee assessments; and
- (3) The refund shall not include any interest provided by Section 231-23(d), Hawaii Revised Statutes.

While these amendments should resolve this particular issue, your Committee notes that condominiums and cooperative housing corporations generally are used for residential homes. On the other hand, time share plans are similar to hotel operations, because time share plans generally provide vacation accommodations for nonresident visitors. Given this distinction, your Committee maintains that time share common expenses are different from condominium and cooperation housing corporation common expenses, having included and inextricably intertwined hotel-like expenses such as the current maintenance and sinking funds for the refurbishing of interior common elements of time share units. Moreover, the term "reimbursement" does not apply to ordinary and necessary expenses incurred while engaged in business. Therefore, your Committee believes that the time share industry is incorrect in its application of the term to the payment of maintenance fee assessments for common expenses.

Your Committee recognizes that the resolution of this issue in this particular manner may lead to other taxpayers coming to the Legislature asserting that their situations are also unique. However, it is not the intention of your Committee to encourage such requests to be presented in the future.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3246, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3246, H.D. 2.

Signed by all members of the Committee.

SCRep. 1126-90 Finance on S.B. No. 3094

The purpose of this bill is to amend provisions governing the operations of the Housing Finance Development Corporation (HFDC). Specifically, the bill would:

- (1) Exempt market-priced units in integrated housing developments from the buy-back and owner-occupancy requirements of HFDC;
- (2) Allow HFDC the option of invoking the buy-back requirement for units financed under a federally-subsidized mortgage program to prevent speculation;
- (3) Add a new definition of "cash equity" that is consistent with the definition currently used by HFDC and the counties when repurchasing units under buy-back statutes;
- (4) Require that a "qualified resident" for HFDC purposes be a domiciliary of the State rather than merely a resident of the State;
- (5) Require that an owner who wished to sell his unit after the end of the ten-year buy-back period must sell to another "qualified resident;" and
- (6) Require that all subsequent transfers of affordable housing units must be to "qualified residents."

Testimony submitted by the HFDC in support of this measure stated that these changes will help prevent speculation in affordable housing while ensuring that affordable housing goes to those for whom it is intended.

Your Committee has amended this bill to ease the restriction on whom market-priced units can be sold to. Rather than restricting purchasers of these units to U.S. citizens or resident aliens domiciled in the State, the bill would now provide these persons with preferential status when purchasing market-priced units. Since these units are intended to help pay for the affordable units in the project, it is appropriate to give the developer more flexibility in seeking the best price for these market-priced units.

Other technical, nonsubstantive amendments have been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3094, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3094, S.D.1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1127-90 Finance on S.B. No. 2275

The purpose of this bill is to appropriate funds to increase the salaries of the Office of Hawaiian Affairs's administrator, deputy administrator, and officers and employees excluded from collective bargaining.

Act 197, Session Laws of Hawaii 1989, appropriated funds to provide salary increases for all state employees who were excluded from the collective bargaining process. This measure rectifies the inadvertent omission of the Office of Hawaiian Affairs's officers and employees excluded from collective bargaining.

Your Committee has amended this measure by:

- (1) Authorizing \$67,176 to be expended from special funds to pay for the salary increases;
- (2) 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 limits to comply with constitutional and statutory requirements; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2275, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2275, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1128-90 Finance on S.B. No. 3176

The purpose of this bill is to increase the number of child care providers by:

- (1) Establishing a one-year demonstration project to train people to become home child care providers who will be able to establish and operate their own home-based child care facility;
- (2) Providing grants to family child care providers and center-based programs to convert and renovate existing facilities; and
- (3) Establishing a child care resource lending center to help family child care providers start up their businesses.

The bill appropriates \$500,000 for the demonstration project, \$300,000 for the grants program, and \$50,000 for the resource center.

Testimony in support of this bill was submitted by the Office of Children and Youth, the Departments of Health and Labor and Industrial Relations, the Maui branch of the Hawaii State Employment Service, and People Attentive to Children (PATCH).

Your Committee has amended this bill by:

- (1) Deleting the appropriation amounts and inserting \$1 for each program for purposes of continued discussion;
- (2) 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;
- (3) Specifying the submittal of a progress report on the demonstration project to train individuals to become child care providers to the 1991 Legislature and a final evaluation report to the 1992 Legislature; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3176, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3176, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1129-90 Finance on S.B. No. 2222

The purpose of this bill is to encourage energy conservation by providing tax incentives for the purchase and installation of energy conserving devices and systems. Specifically this measure, as received, would provide tax credits for the following:

- (1) Solar energy devices and solar thermal electric generation systems: 50 percent or \$2,500 tax credit for single family homes;
- (2) Solar energy devices and solar thermal electric generation systems: 50 percent or \$500 per unit tax credit for multi-unit buildings primarily used for residential purposes;
- (3) Heat pumps: 25 percent or \$500 tax credit for single family homes;
- (4) Heat pumps: 25 percent or \$100 tax credit for multi-unit buildings primarily used for residential purposes; and
- (5) Wind energy systems, gas water heaters, and ice storage systems: 25 percent tax credit.

Your Committee finds that offering energy conservation tax credits would promote the use of energy-efficient water heating or electric generation systems and decrease Hawaii's dependence on imported fossil fuels.

At the same time, to better achieve this goal of energy self-sufficiency, your Committee finds that the Public Utilities Commission (PUC) and the Department of Business and Economic Development should obtain funds from the oil overcharge funds to assist the PUC conclude its integrated resources plan as soon as possible.

Further, your Committee finds that it is crucial that the PUC, the private sector, and other interested parties develop an integrated resources plan to promote energy conservation in Hawaii.

Testimony supporting the intent of this measure was submitted by the Department of Taxation, the Department of Business and Economic Development, the Environmental Center, the Hawaiian Electric Company, and the Gas Company.

Your Committee has amended this measure by incorporating the Department of Taxation's proposal to amend the bill by deleting the proposed provisions and increasing the solar energy device and ice storage system tax credit to 50 percent, effective January 1, 1993.

Other technical, nonsubstantive amendments have been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2222, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2222, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1130-90 Finance on S.B. No. 2945

The purpose of this bill is to:

- (1) Enable the Office of the Lieutenant Governor to continue efforts towards the replacement of the current voting system with a new, totally electronic voting system, and to subsequently replace the current voting system with a new, totally electronic voting system;
- (2) Direct the Temporary Advisory Committee on Electronic Voting Systems to select and the chief elections officer to acquire a new, totally electronic voting system;
- (3) Set forth procedures for the solicitation of proposals, advertisement, system selection, review and vendor selection for a totally electronic voting system; and
- (4) Appropriate \$10,500,000 to the Office of the Lieutenant Governor for activities enumerated.

Your Committee has amended this measure by:

- (1) Inserting a nominal \$2 in the appropriation section for purposes of continued discussion;
- (2) 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; and
- (3) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2945, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2945, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1131-90 Finance on S.B. No. 2972

The purpose of this bill, as received, is to:

- (1) Establish a Division of Tourism (Division) within the Department of Business and Economic Development;
- (2) Provide that the Division be headed by a new deputy director of tourism;
- (3) Provide funds for the salaries of this deputy director and secretarial staff;
- (4) Rename the Department of Business and Economic Development to the Department of Business, Economic Development, and Tourism; and
- (5) Establish a Tourism Commission within the Division to establish state tourism policy on matters relating to the development of a state tourism strategic marketing plan.

Your Committee received testimony in support of this bill from the the Hawaii Visitors Bureau, the Chamber of Commerce of Hawaii, the American Hotel and Motel Association, and the Outrigger Hotels Hawaii.

The Department of Business and Economic Development expressed opposition to this measure.

Upon further consideration, your Committee has substantially amended the bill by deleting all sections relating to the creation of the Division. The bill, as amended, does the following:

- (1) Renames the Department of Business and Economic Development to the Department of Business, Economic Development, and Tourism;
- (2) Creates an additional deputy director position to handle tourism-related duties of the Department; and
- (3) Establishes a Tourism Commission within the Department.

Your Committee has further amended this bill by:

- (1) 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; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2972, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. 2972, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1132-90 Finance on S.B. No. 3403

The purpose of this bill is to allow the counties to provide lifeguard services at state beach parks where the Department of Land and Natural Resources and the affected county agree that these services are needed for the public's health and safety. An appropriation section to provide funds to reimburse the counties for the lifeguard services provided at state beach parks is also included.

The Department of Land and Natural Resources, the Department of Health, the Chair of the Committee on Budget and Finance for the City and County of Honolulu, the Department of Parks and Recreation for the City and County of Honolulu, the Kauai Water Safety Task Force and a concerned citizen submitted testimony in support of this measure.

Your Committee has amended this measure by increasing the appropriation to \$2 for purposes of continued discussion.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3403, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3403, H.D. 1.

Signed by all members of the Committee.

SCRep. 1133-90 Finance on S.B. No. 3311

The purpose of this bill is to appropriate funds on a dollar-for-dollar matching basis to the Counties of Hawaii, Maui and Kauai, and the City and County of Honolulu for the improvement of fire protection facilities to preserve the public's health and safety.

The Department of Water Supply for the County of Hawaii, the Department of Water Supply for the County of Maui, the Department of Water for the County of Kauai, and the Board of Water Supply for the City and County of Honolulu listed the proposed fire projects for each of their respective counties.

Your Committee has amended this measure by:

- (1) Increasing the appropriation amount for the counties of Maui, Hawaii, and Kauai, and the City and County of Honolulu to \$2 for purposes of continued discussion and deliberation;
- (2) Adding a new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements; and
- (2) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3311, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3311, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1134-90 Finance on S.B. No. 3101

The purpose of this bill is to:

- (1) Provide public employees who first became members of the Employees' Retirement System (ERS) before January 1, 1990, an option on the payment of their benefits to accommodate amendments to federal tax laws that establish new limits on the amount of benefits that can be paid; and
- (2) Allow eligible ERS members to purchase credits of up to four years for mandatory maternity leave previously taken.

The Director of Budget and Finance, the Superintendent of Education, and a representative of the Hawaii State Teachers Association submitted comments clarifying the intent of this measure.

Upon further consideration, your Committee has amended this measure by deleting the proposed statutory language for the purchase of credits for mandatory maternity leave, and inserted in its place language that would:

- (1) Allow an eligible member to be credited for up to four years of membership service credit for mandatory maternity leave taken before July 1, 1973, and specify that the maximum credit for each pregnancy will be limited to twelve months; and
- (2) Allow a retirant, who returns to employment and is reenrolled with at least three years of credited service during the reemployment period, to be credited for mandatory maternity leave previously taken.

In addition, mandatory maternity leave and other service rendered prior to becoming a Class C member have been included in the listing of "credited service" as set forth in Section 88-272, Hawaii Revised Statutes.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3101, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3101, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1135-90 Finance on S.B. No. 2212

The purpose of this bill is to require that any waiver of geothermal royalty payments to the State shall be subject to legislative disapproval.

In addition, this measure requires that the mining lease shall contain specific provisions, including the payments to the State as fixed by the Board of Land and Natural Resources.

Your Committee finds that the State relies almost exclusively on fossil fuels, which are not as energy efficient as alternate energy resources, for its energy needs. The development of geothermal energy on the Big Island would be instrumental in alleviating the State's dependence on fossil fuels.

Existing law allows the Board of Land and Natural Resources to waive geothermal royalty payments without approval from the Legislature or any other governmental body. Since the royalty payments anticipated from geothermal development would be substantial, your Committee finds that legislative review and approval is warranted before any rights are waived.

Testimony supporting the intent of the measure was submitted by the Department of Land and Natural Resources, the Hawaii County Council, the Hawaii County Planning Department, the Hawaii County Economic Opportunity Council, the Hawaii Island Chamber of Commerce, the Big Island Labor Alliance, the Hawaii Island Geothermal Alliance, and many other interested individuals and organizations; many of whom requested that the measure be revised to include those amendments made in S.B. No. 2212, S.D. 2.

Your Committee received testimony opposing the measure from the Big Island Rainforest Action Group and other concerned individuals.

Technical, nonsubstantive revisions have been made for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2212, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2212, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1136-90 Finance on S.B. No. 3142

The purpose of this bill is to create the Hawaii Opportunity Program in Education Special Fund to award scholarships by the University of Hawaii to financially needy students with priority given to students from ethnic groups which are underrepresented in the student population of the University of Hawaii, and to students who are the first from their families to attend a college or university.

This program will also provide academic preparation and college awareness activities beginning at the elementary school level as well as financial support when the youngsters are ready to enter college.

Testimony in support of this bill was submitted by the Department of Education, the University of Hawaii, the Office of Hawaiian Affairs, and community groups representing minorities currently underrepresented in the higher education institutions of the State.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3142, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3142, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1137-90 Finance on S.B. No. 3162

The purpose of this bill is to fund repricing actions in the recommended compensation plans for the State Executive Branch, the Judiciary, and the counties for certain professional and scientific job classes.

Your Committee has amended the bill as follows:

- (1) By adding a section declaring that the appropriations contained in the bill will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$5,424,123, or 0.21 per cent and that such expenditure is necessary to serve the public interest to comply with constitutional and statutory provisions; and
- (2) By making technical, nonsubstantive amendments to the bill for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3162, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3162, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1138-90 Finance on S.B. No. 3154

The purpose of this bill is to provide greater advancement opportunities to state employees and to enhance the State's retention of qualified and able employees by allowing the appropriate and able authorities to fill vacant positions by promotion without examination if the employees meet minimum qualifications.

Testimony was submitted by the Department of Accounting and General Services, the Department of Personnel Services, the Department of Labor and Industrial Relations, the Department of Health, the Department of Human Services, and the Judiciary favoring the intent of this measure.

Your Committee finds that this measure, as received, may unduly limit promotional opportunities by restricting promotions without examinations to only employees within a departmental division.

Your Committee has amended this measure by:

- (1) Deleting language restricting noncompetitive promotional opportunities to only divisional employees;
- (2) Reinserting the provision prohibiting a second promotion without examination within the same year; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3154, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3154, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1139-90 Finance on S.B. No. 2881

The purpose of this bill is to authorize the Department of Education (DOE) to develop formal procedures for obtaining verifiable information regarding the criminal history of persons who are employed or seeking employment in public or private schools in positions which place them in close proximity to children.

Your Committee has amended the bill as follows:

- (1) By adding a section declaring that the appropriations contained in the bill will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$4, or 0.0000 per cent and that such expenditure is necessary to serve the public interest, in order to comply with constitutional and statutory provisions;
- (2) By changing the word "may" to "shall" to require DOE to develop formal procedures for obtaining verifiable information regarding the criminal history of certain persons;

- (3) Increasing each of the appropriations to \$2 for purposes of continued discussions on the level of funding necessary; and
- (4) Making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2881, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2881, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1140-90 Finance on S.B. No. 2596

The purpose of this bill is to appropriate funds to the Department of Education for increases in the compensation levels for coaches.

The Superintendent of Education, the Hawaii State Teachers Association, and a representative from the Oahu Interscholastic Association submitted testimony in strong support of this measure.

Your Committee has amended this measure by:

- (1) Specifying that the Department of Education and the exclusive unit representative will jointly determine the distribution of the sum appropriated;
- (2) Noting that the increased compensation will be available to the coaches upon agreement between the Board of Education and the Unit 5 exclusive representative;
- (3) Adding a new section stating the reasons why and the amount and rate by which the appropriation exceeds the state spending limit to comply with constitutional and statutory requirements; and
- (4) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2596, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2596, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1141-90 Finance on S.B. No. 1214

The purpose of this bill is to support the establishment of the Pacific Aerospace Museum by:

- (1) Appropriating grant-in-aid funds for start-up furnishings and displays; and
- (2) Authorizing a no-interest loan to be repaid within eight years.

The Museum is planned for the John Rodgers Terminal Building at Honolulu International Airport, and will house a wealth of aerospace material including artifacts and vintage airplanes. In addition, the planned Museum will offer a broad range of scientific and technological exhibits highlighting historic milestones and future goals of the aerospace industry.

The Department of Business and Economic Development, the Department of Education, the Chamber of Commerce of Hawaii, the Officers and Board members of the Pacific Aerospace Museum, the President and Chief Executive Officer of TheoDavies, a teacher, and other concerned individuals submitted testimony in support of this measure.

Your Committee has amended the measure by:

- (1) Increasing the grant-in-aid appropriation and the amount for the no-interest loan to \$2 respectively for purposes of continued discussion;
- (2) Adding a new section stating the reasons why and the amount and rate by which the appropriation exceeds the state spending limit to comply with constitutional and statutory requirements; and
- (3) Making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1214, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1214, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1142-90 Finance on S.B. No. 3229

The purpose of this bill is to:

- (1) Require the Office of State Planning to conduct studies at least once every 5 years to determine the capability of various regions to support projected increases in resident and visitor populations, and the impact of the increased populations on these regions;
- (2) Require the submittal of a report to the 1991 Regular Session which evaluates existing databases and sources which will be used in the studies, identifies any additional databases and data collection systems, and sets forth long-range plans for the continued preparation of the studies previously specified; and
- (3) Appropriate \$300,000 to the Office of State Planning to meet the above-described statutory mandates.

The Office of State Planning submitted testimony in support of this measure, and indicated that the proposed studies are consistent with the State's overall effort to balance the needs of the various segments of Hawaii's economy with the needs of our island communities.

Your Committee has amended this bill by:

- (1) 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; and
- (2) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3229, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3229, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1143-90 Finance on S.B. No. 3472

The purpose of this bill is to provide the respective counties with stable and continuing sources of revenue that relate to functions the counties already perform, and revenue sources already used by the counties.

All of the provisions of the bill shift revenue from the State to the counties without requiring additional taxes by providing for a redistribution of existing revenue to the counties. This redistribution would bring county revenue collections more in line with existing county responsibilities for infrastructure, law enforcement, and service at the county level.

Your Committee received testimony in support of the bill from the County of Maui, the County Councils of Hawaii and Kauai, the Departments of Finance of the County of Hawaii and the County of Kauai, the Hawaii Business League, the Tax Review Commission, and the Neighborhood Boards of Oahu. Gasco Inc., Hawaiian Electric Industries, and GTE Hawaiian Tel specifically supported the section pertaining to the public service company tax. Testimony was also received from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the Public Service Company Tax Law was originally enacted to alleviate the difficulty of assessing the real property of utilities. Given the complexity and inherent difficulties of identifying and assessing utility property such as easements, rights-of-way, and jointly used assets, your Committee notes that the general administrative cost of assessing public utility companies would far exceed the cost of administering a revenue-based tax.

Your Committee has amended this bill by:

- (1) Deleting the transfer of animal fines and forfeitures to the counties;
- (2) Deleting the transfer of parking and traffic fines and forfeitures;
- (3) Deleting the exemption of county governments and government service companies from the state general excise tax; and
- (4) Amending the purpose section to reflect these changes.

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

Your Committee finds that this bill, as amended, will help offset the unrealized real property tax revenues to the counties by transferring all revenues in excess of four per cent collected from public utilities under the public service company tax to the counties. This bill, as amended, offers an equitable compromise for the State to retain and share the public service company tax with the counties without incurring significant additional administrative costs and burdens.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3472, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3472, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1144-90 Finance on S.B. No. 1810

The purpose of this bill is to improve the management and operations of certain natural energy research facilities by consolidating the management of these facilities and activities under a single administrative organization. This bill

creates an agency known as the Natural Energy Laboratory of Hawaii Authority which consolidates the management of the Natural Energy Laboratory of Hawaii (NELH) and the Hawaii Ocean Science and Technology (HOST) Park on the Big Island.

Your Committee has amended this bill by:

- (1) Deleting the appropriation of \$970,000 for fiscal year 1991-1992;
- (2) Adding a section declaring that the appropriations contained in the bill will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$965,000, or 0.038 per cent and that such expenditure is necessary to serve the public interest, to comply with constitutional and statutory provisions; and
- (3) Renumbering the sections accordingly.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1810, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1810, S.D. 2, H.D. 4.

Signed by all members of the Committee.

SCRep. 1145-90 Finance on S.B. No. 3079

The purpose of this bill is to amend the reimbursement base for Medicaid individual providers by using customary fees in the calculation of health care payments.

Your Committee finds that this measure will provide equity in Medicaid reimbursement to individual providers and will assist those providers on the low end of the reimbursement scale to be paid in parity with their colleagues.

Testimony in support of this measure was submitted by the Department of Human Services, the Department of Health, the Hawaii Psychological Association, and other interested parties.

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 Finance is in accord with the intent and purpose of S.B. No. 3079, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3079, H.D. 2.

Signed by all members of the Committee.

SCRep. 1146-90 Finance on S.B. No. 1611

The purpose of this measure is to authorize the issuance of special purpose revenue bonds to assist the Wailuku River Hydroelectric Power Company, Inc. in establishing a hydroelectric power plant on the Wailuku River in Hawaii County.

Your Committee finds that it is necessary to utilize an assortment of energy technologies to achieve the goal of integrated resource planning. In addition, encouraging the development of renewable hydroelectric energy serves the dual purpose of decreasing the State's dependence on fossil fuel, while also reducing the emission of carbon dioxide into the atmosphere.

The bill has been amended to include the provisions from S.B. No. 3416 which authorizes the issuance of special purpose revenue bonds to assist the Puna Geothermal Venture in financing the Ormat geothermal facility in Puna, Hawaii. Your Committee earlier decided to report out S.B. No. 3416 with minor amendments. However, because the contents of S.B. No. 3416 did not fit under the title of that bill, your Committee has incorporated the contents from S.B. No. 3416, as amended, into this measure.

Your Committee has further amended the bill by:

- (1) Increasing the principal bond amount for the Wailuku River project to \$2 for purposes of continued discussion; and
- (2) Making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1611, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1611, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1147-90 Finance on S.B. No. 3303

The purpose of this bill is to:

- (1) Improve the existing Waiahole Valley water system, and maintain the Waiahole McCandless water system by appropriating an unspecified sum to the Housing Finance and Development Corporation; and
- (2) Specify that the Waiahole McCandless water system remain in use and be available for agricultural purposes only.

The Housing Finance and Development Corporation (HFDC) testified in general support of the bill but opposed the funding for the McCandless water system.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the funds for the McCandless system because of HFDC's concerns over the water quality in the McCandless system which may create a public health hazard and expose the State to liability;
- (2) 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; and
- (3) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3303, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3303, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1148-90 Finance on S.B. No. 2356

The purpose of this bill is to establish a Catastrophic and Traumatic Emergency Response Program that would provide psychological assistance to persons and communities affected by catastrophic or traumatic emergency events.

Your Committee received testimony in support of this measure from the Department of Health and the Hawaii Psychological Association.

Your Committee has amended this measure by:

- (1) Adding a new section stating the reasons why and the amount and rate by which the appropriations contained in this bill exceeds the state spending limit to comply with constitutional and statutory requirements; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2356, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2356, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1149-90 Finance on S.B. No. 1526

The purpose of this bill is to add a new teacher class for any teacher who holds a certificate issued by the Department of Education based upon five acceptable years of college education and sixty additional credits approved by the Department and other requirements as the Department may establish.

Under this bill, the present Class VII, which requires a doctorate, will be changed to Class VIII and a new Class VII will be established.

Upon further consideration, your Committee has deleted references to Class VIII by:

- (1) Combining the proposed language for a new Class VII with the existing statutory language for Class VII;
- (2) Deleting the salary range for the Class VIII position; and
- (3) Replacing the effective date of this bill from July 1, 1992, to July 1, 1991.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1526, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1526, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1150-90 Finance on S.B. No. 3292

The purpose of this bill is to grant general powers to the counties to provide, by ordinance, for the establishment of community facilities and special tax districts within each county.

As a result, this bill would provide the counties maximum flexibility in financing necessary special improvements, maintenance, and services.

Your Committee finds that this infrastructure financing alternative is crucial to the quality of life of Hawaii's people and to the long-term success of Hawaii's economy. This measure would present the counties with a creative and flexible means of financing improvements for both infrastructure and community facilities in a timely, responsive manner.

Testimony in support of this measure was submitted by the Department of Finance of the County of Hawaii, the Hawaii Island Economic Development Board, the Chamber of Commerce of Hawaii, and the Land Use Research Foundation of Hawaii.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3292, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3292, S.D. 2, H.D. 1.

Signed by all members of the Committee.

SCRep. 1151-90 Finance on S.B. No. 3341

The purpose of this bill is to allow eligible foster children who are twenty-one years old or younger to receive foster board allowances if they are attending accredited institutions of higher learning on a full-time basis either in state or out of state.

The bill also allows for reimbursement of a former foster child's maintenance cost up to the maximum allowable board amount retroactive to the foster child's entry into an accredited institution of higher learning on a full-time basis.

Additionally, the bill allows foster board payments to be paid to a designee approved by the Department of Human Services when it is not appropriate or feasible for such payments to be paid to the eligible foster child's foster parents.

Your Committee received testimony in support of this bill from the Department of Human Services and the Office of Children and Youth.

Based on the foregoing testimony, your Committee has amended the bill as follows:

- (1) Limited retroactive reimbursement of a former foster child's maintenance cost to foster children who entered an accredited institution of higher learning on a full-time basis after June 30, 1987;
- (2) Extended foster board allowances to eligible foster children who have been accepted to attend an accredited institution of higher learning on a full-time basis; and
- (3) Made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3341, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3341, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1152-90 Finance on S.B. No. 3127

The purpose of this bill is to do the following:

- (1) Transfer various parks, recreational areas, and beaches between the State and the counties;
- (2) Transfer all state officers and employees who are assigned to or who service state land and parks identified in the bill to the appropriate county;
- (3) Transfer all county officers and employees assigned to or who service county land and parks identified in this bill to the State; and
- (4) Specifies that the transfer is effective only if the Legislature passes a bill that allocates a percentage of the gross state general fund tax revenues, less adjustments, as grants-in-aid to the counties.

Your Committee received testimony from the Department of Land and Natural Resources, the Department of Transportation, the Department of Taxation, the City and County of Honolulu's Departments of Parks and Recreation and Public Works, the County of Hawaii's Department of Parks and Recreation, the Kawai Nui Heritage Foundation, and the National and the Hawaii Audubon Societies.

Based upon the recommendation of the Department of Land and Natural Resources, your Committee has amended this bill as follows:

- (1) Inserted the proper tax map key numbers on line 16, page 1 of the bill, as amended;
- (2) Deleted the target transfer date of January 1, 1993, from lines 7 and 15, page 2 of the bill, as amended;

- (3) Inserted the phrase "lot 2-b" following the tax map key number on line 10, page 2 of the bill, as received;
- (4) Inserted the phrase "to the satisfaction of the department of land and natural resources" at the end of the sentence on line 13, page 2 of the bill, as received, to ensure that the flood control facilities be as maintenance-free as possible; and
- (5) Replaced the phrase "cultural and wildlife resources" with the phrase "economic, ecological, and cultural resources" on line 19, page 2 of the bill, as received.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3127, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3127, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1153-90 Finance on S.B. No. 3247

The purpose of this bill is to:

- (1) Appropriate \$125,000,000 to the Department of Transportation (DOT) to acquire land, and to provide for relocation costs and other necessary and reasonable expenses incurred by dislocated lessees or tenants as a result of actual or threatened condemnation proceedings for the expansion of Honolulu International Airport;
- (2) Set forth a priority for any lessee engaged in commercial or industrial uses affected by condemnation proceedings, and provide these lessees with a right of first refusal to enter into a lease in a state industrial park, or on other state land; and
- (3) Allow the DOT Director to enter into leases, licenses, or other arrangements with any displaced person for the temporary use of lands or property, not to exceed the time remaining on the lease terminated for Airport expansion.

The DOT testified that they are planning to acquire the area bounded by Lagoon Drive, Ualena Street, Paia Street and Honolulu International Airport which is approximately 23.88 acres.

Your Committee has amended this measure by:

- (1) Allowing the DOT to provide relocation assistance to the dislocated lessees and tenants affected by the Airport expansion; and
- (2) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3247, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3247, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1154-90 Finance on S.B. No. 2254

The purpose of this bill is to enable the Legislature to provide funding for certain agricultural promotion and research activities conducted through the Governor's Agriculture Coordinating Committee (GACC) and the Department of Agriculture.

This measure would delineate the Legislature's funding power and provide specific standards that would allow for grants, subsidies, and purchase of service agreements for agricultural research and promotion.

This measure would also exclude agricultural research and promotion from the definitions of "grant," "purchase of service," and "subsidy" in Section 42-1, Hawaii Revised Statutes.

Your Committee has amended this bill as follows:

- (1) Amended the bill so that it takes effect on July 1, 1991; and
- (2) Made technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2254, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2254, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 1155-90 Consumer Protection and Commerce on S.B. No. 2347

The purpose of this bill is to amend Sections 490:2-313.1 and 490:2-313.2, Hawaii Revised Statutes, by clarifying the current definition of a "new motor vehicle" and also to clarify the conditions under which a party may request a trial de novo.

Currently, Section 490:2-313.1 does not specify whether mopeds, motorcycles and motor scooters are included in the definition of a "new motor vehicle." This bill includes mopeds as a "new motor vehicle" stating that under Chapter 286 motorcycles and motor scooters are already considered "motor vehicles."

Your Committee notes the companion measure took a different approach and excluded motorcycles and motor scooters from the definition of a "new motor vehicle."

This bill also clarifies that when a consumer elects nonbinding arbitration, any party may request a subsequent trial de novo by making a written demand upon the opposing party.

Your Committee has amended this bill by replacing the language of this bill with the companion bill H.B. No. 2391 to exclude mopeds, motorcycles and motor scooters from the definition of "new motor vehicles" and to put the bill into proper technical form.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2347, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2347, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1156-90 Consumer Protection and Commerce on S.B. No. 2834

The purpose of this bill is to amend Section 437B-15, Hawaii Revised Statutes, to delete the requirement that a motor vehicle repair estimate contain a disclosure regarding crash parts not manufactured by the original vehicle equipment manufacturer and to delete the requirement that the customer sign a separate document acknowledging the use and source of the alternate crash parts. The acknowledgement can now be made on the estimate. The bill allows disclosure of warranty and certified test information on the parts being used.

Section 437-15(b), Hawaii Revised Statutes, requires dealers, mechanics, or apprentices to disclose in a statement attached to the estimate for repair work that "crash parts not manufactured or supplied by the original vehicle equipment manufacturer may or may not be of the same quality as the original vehicle equipment parts." This language is deleted in this bill because it tends to suggest to customers that replacement parts manufactured by the original vehicle equipment manufacturer are inherently of better quality than parts manufactured by others.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2834, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1157-90 Consumer Protection and Commerce on S.B. No. 2435

The purpose of this bill is to amend Section 431:10C-305, Hawaii Revised Statutes, to reduce the aggregate benefits payable from both workers' compensation and no-fault to not more than seventy percent of the injured person's monthly earnings.

Your Committee heard testimony in support of this bill from MTL, Inc. (MTL), the Hawaii Independent Insurance Agents Association (HIIA), and the Risk and Insurance Management Society, Inc. The Department of Commerce and Consumer Affairs, Insurance Division had no objection to this bill. MTL testified that this bill will be an improvement over their current situation where their employees receive more in workers' compensation and no-fault benefits than their net income. This situation is a disincentive for returning to work.

The HIIA testified that this bill would close a loophole that unintentionally expanded workers' compensation claims with only an incidental association with automobiles into a situation where individuals were collecting workers' compensation and no-fault benefits.

The Hawaii Academy of Plaintiff's Attorneys (HAPA) opposed this bill. The HAPA stated that the bill was unclear whether it was limited to only those situations where the worker's employer provides both workers' compensation and no-fault coverage; the bill does not take into account the loss of fringe benefits suffered by an injured worker; the bill provides a windfall to certain insurers without any commensurate benefit to consumers; and the bill benefits only those companies who elect to be self-insured.

Your Committee notes that the apparent rationale to the formulation of benefits in this bill is to more closely approximate the injured employee's net monthly income. Your Committee understands that a disincentive to return to work is created when an injured employee receives more money when injured than when working. While this situation can exist in many instances, your Committee realizes that the marital and tax status of an individual has an impact on this problem. In order to reduce the disincentive, and to address the specific problem faced by MTL and others in like circumstances, your Committee has amended this bill by limiting the dual recovery to no more than the person's net monthly earnings in those situations where the employer is providing both workers' compensation and no-fault benefits.

Your Committee believes that if benefits are available from sources other than the employer, the injured person should be entitled to receive those benefits.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2435, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2435, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1158-90 Consumer Protection and Commerce on S.B. No. 2235

The purpose of this bill is to add a section in Chapter 437, Hawaii Revised Statutes, providing consumers with a right of rescission when they purchase a used motor vehicle from a licensed used car dealer.

The Department of Commerce and Consumer Affairs, Motor Vehicle Industry Licensing Board (Board), testified in support of this bill. The Board suggested two amendments to this bill to provide that the dealer shall refund the full purchase price less a reasonable allowance for any damage not attributable to normal wear or usage.

The Hawaii Automobile Dealers' Association, the Used Car Dealers Association of Hawaii, and motor vehicle dealers testified in strong opposition to the bill. They believed that this bill would only impact licensed used car dealers and not private sales or car rental and leasing companies who are not allowed to take in trades. They also believe that if a vehicle is inspected before purchase, dealers would be able to argue that the malfunction occurred because of improper handling during the three day period by the consumer. Further, a reasonable allowance for any damage not attributable to normal wear or usage over a three day period would be difficult to ascertain. Therefore, a right of rescission should not apply to used cars since the consumer has made a clear and willful choice in buying the used car; the consumer should not be given the option of returning the vehicle because of "buyer's remorse".

The Used Car Dealers Association of Hawaii suggested that a statute that would require that a dealer offer an optional prepurchase inspection of the vehicle by a certified mechanic of the consumer's choice prior to the consummation of the transaction at the consumer's cost would be a more effective way to address the concerns prompted by this bill.

Your Committee notes that it believed it had the support of the motor vehicle industry when it passed out the companion measure. Since that time, your Committee is informed that the industry does not support the provisions of this bill. Your Committee also believes the concerns raised by the used car industry are legitimate issues to be addressed along with continuing consumer interest in further regulation of the used motor vehicle industry. However, further review is necessary to come up with a measure that would balance appropriately consumer and dealer concerns.

Your Committee has therefore amended this bill in the following manner:

- (1) Deleted the provisions providing a right of rescission to the consumer; and
- (2) Inserted a provision to amend Act 299, Session Laws Hawaii 1989, to extend the repeal date of Section 437-17(a) which reduced the bonding requirements for used car dealers who sell a small number of vehicles a year from \$50,000 to \$15,000. Your Committee extended the repeal date for two years to allow the Department of Commerce and Consumer Affairs to complete the study of bond requirements for Motor Vehicle Industry Licenses.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2235, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2235, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1159-90 Consumer Protection and Commerce and Housing on S.B. No. 3351

The purpose of this bill is to delay the effective date of Act 168, Session Laws of 1989, from July 1, 1990 to July 30, 1990. Act 168 requires that, in the sale of residential leasehold property, the seller must provide the purchaser with a copy of the lease as well as a summary of the lease in plain language and other information fully disclosing the terms of the lease.

The Real Estate Commission (Commission) believed that Act 168 should be allowed to take effect as soon as possible. In light of the Committee's intent to allow "interested parties an opportunity to comment on any and all provisions" of Act 168, the Commission also indicated that it had some concerns regarding the adequacy of the current requirements regarding recordation of lease documents and the availability of lease documents from condominium associations. The Commission provided proposed language to address these concerns.

The Hawaii Leaseholders Equity (HALE) Coalition and the Hawaii Independent Condominium & Cooperative Owners (HICCO) testified against the bill in favor of retaining the July 1, 1990 implementation as currently required by Act 168. A condominium owner and two members of the Small Landowners Association testified that while the bill's one month delay in the implementation date of Act 168 was acceptable, any further changes would not be. They, as well as the HALE Coalition, were concerned that adequate time had not been available for addressing other changes properly. The condominium owner, HALE Coalition and a small landowner were particularly concerned that no changes be made that would shift the responsibility for adequate disclosure from the seller and his/her agent. The small landowner also felt that

the buyer appropriately has the final responsibility for assuring that he/she has all the information needed to make an informed purchase and that any changes shifting this responsibility to landowners would be inappropriate.

The Hawaii Association of Realtors (HAR) expressed its concern that the requirement of sellers to summarize the provisions of the lease would place them in a position of engaging in "an unauthorized practice of law", that disclosures may not be completely correct if all information was not available to the seller and the seller's agent, and that the implementation date of July 30, 1990 was too early to provide educational seminars to real estate licensees, buyers, and sellers of leasehold property. The HAR suggested amendments to Act 168 which would allow the seller to reference, rather than summarize the required provisions of the lease; which would shift the responsibility for providing the summary of leases from sellers to lessors; which supported the recommendations of the Real Estate Commission; and which changed the implementation date of this Act to January 1, 1991.

It is not the Legislature's intent that the summaries required by Act 168 be legal summaries, but should, instead, be a good faith effort on the part of the seller to provide basic information to consumers. Further, your Committees note that sellers are not prohibited from using attorneys to prepare these summaries or suggesting that attorneys be used by the buyer to review the lease documents to confirm the accuracy of the summaries. Although your Committees reviewed an alternative approach provided by the Hawaii State Bar Association (HSBA) which would require the referencing of provisions in the lease document rather than a summary, your Committees believe that the approach provided for under the Act is preferable as it appropriately leaves the responsibility for full disclosure on the seller in a format that is more likely to be understood by the buyer. On the other hand, your Committees do not intend that this requirement should lessen the responsibility of the buyer to assure himself/herself that he/she is entering into an acceptable contract.

Your Committees understand that some problems may arise with the existence of unrecorded lease documents and the wide range that exists in the quality and complexity of lease documents. In such problem areas, your Committees expect that good faith and reasonable efforts are made to comply with the requirements of this Act, but do not intend that herculean efforts be made to do so. It is not, for example, expected that a seller must make every effort to ferret out unknown documents or to make unrecorded documents available if they cannot be easily obtained; however, it is expected that if the seller is aware of an unrecorded document that its existence be disclosed. Additionally, if a lease has very complex renegotiation terms, your Committees intend that it would be acceptable for the seller to indicate where these terms can be found in the lease document; however, if the terms are straight forward, it is expected that a summary is provided in the disclosure document.

Your Committees note that the disclosure form draft dated January 29, 1990, prepared by the HAR appears to provide a good vehicle to carry out the intent and spirit of Act 168. Your Committees also applaud the HAR's plans to provide educational seminars to real estate licensees and the public regarding the requirements of Act 168. However, your Committees have retained the July 30, 1990 implementation date provided for in the bill as they feel that any further delay in the implementation date of this Act would be undesirable.

Finally, your Committees believe that the concerns and suggestions raised by the Real Estate Commission should be reviewed with full input from interested parties and intend that these concerns be addressed during the next Legislative session.

Your Committees on Consumer Protection and Commerce and Housing are in accord with the intent and purpose of S.B. No. 3351, S.D. 1, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1160-90 Economic Development and Hawaiian Affairs and Judiciary on S.B. No. 3236

The purpose of this bill is to add a new section to the Hawaiian Homes Commission Act, 1920, as amended (HHCA), to explicitly state the principal purposes of the Act as originally intended by Congress.

In particular, this bill reaffirms the solemn fiduciary relationship that was established between the United States, the State of Hawaii, and native Hawaiians which ensures, *inter alia*, the commitment of both State and federal governments to providing support and technical assistance to eligible native Hawaiians to ensure that their traditions, culture, and quality of life will be self-sustaining.

The HHCA, as originally enacted, lacks an explicit statement of purpose. As a result, the courts have been called upon to determine the purpose of the Act through the review of transcripts of congressional debates and committee reports.

Judicial decisions regarding the responsibilities of the federal government under the HHCA have resulted in much confusion. For example, the Court of Appeals of the Ninth Circuit held that the Hawaiian Admission Act transferred complete responsibility for HHCA implementation to the State. See Keaukaha-Panaewa Community Association v. Department of Hawaiian Homelands, 588 F2d. 1216 (9th cir. 1978). However, four years later, the Hawaii Supreme Court held that the legislative history of the HHCA "strongly suggests that the federal government stood in a trusteeship capacity to the aboriginal people". See Ahuna v. Department of Hawaiian Home Lands, 64 Haw. 327 (1982).

The U.S. Department of Interior has had conflicting opinions regarding the responsibilities of the federal government under the HHCA. Eleven years ago, that Department concluded that despite the opinion of the Ninth Circuit Court of Appeals in Keaukaha, the role of the United States is essentially that of a trustee. However, the Department recently changed its position by declaring that the federal government has no fiduciary responsibility under the HHCA.

As a result, implementation of the HHCA during the nearly seventy years since its enactment has been difficult. Consequently, at the present time, over 20,000 qualified beneficiaries continue to wait for homestead awards statewide and the estimated cost for infrastructure exceeds \$900 million, far beyond the means of the State.

The United States assumed ownership and control over two million acres of crown and government lands previously belonging to the Republic and Kingdom of Hawaii, at the time of annexation of the Republic of Hawaii by the United States in 1898. These lands were not kept by the United States in absolute fee, with the revenues and benefits to be used however the United States saw fit. Rather, the lands, and particularly the revenues from these lands, were to be used for the "inhabitants of Hawaii". This is an obligation that has been boldly stated in the laws of the United States on three different occasions: the Organic Act of 1900, the HHCA, and the Act admitting Hawaii as a state in 1959.

Your Committees received testimony in support of this bill from the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, the Native Hawaiian Legal Corporation, and private citizens.

Your Committees received testimony against this bill from a past Chairman of the Hawaiian Home Commission; representatives of Ka Pakaukau, the Daughters and Sons of the Hawaiian Warriors, Hoonani Mauna Ala Mai Na Mamakakaua, the Hawaiian Political Action Council of Hawaii, the Hou Para Legal Service, Ka Lahue Hawai'i, and several concerned citizens. This testimony indicated concern that this bill would be the "trojan horse" which would open the door for future federal amendments to the HHCA without input and approval at the state level. This testimony also indicated that there was confusion among some members of the community regarding the impact of the bill upon issues related to sovereignty and reparation.

Upon further consideration, your Committees have amended the bill as follows:

- (1) Deleted the "Legislative findings, declaration of policy, purpose" section;
- (2) Clarified that the policy of the Act, *inter alia*, is to preserve the values, traditions, and culture of native Hawaiians;
- (3) Deleted language on page 5, lines 6-7 of the bill, as received, referring to the rehabilitation of native Hawaiians, and inserted language reflecting that the "traditions, culture, and quality of life of native Hawaiians shall be forever self-sustaining";
- (4) Deleted reference to "public trust" on page 5, line 12 of the bill, as received, to clarify that the bill has no application to the ceded land trust or common law principles of public land trust;
- (5) Directed that nothing in the bill shall alter the obligations of the State of Hawaii to carry out its public trust responsibilities "under Section 5 of the Hawaii Admission Act to native Hawaiians and" other descendants of the indigenous citizens of the Kingdom of Hawaii, to clarify that the bill does not alter the federal or State obligations under the ceded lands trust; and
- (6) Made technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees find that by clarifying the purposes of the HHCA, this bill will facilitate implementation of the HHCA and the return of native Hawaiians to their lands thereunder. By reaffirming the fiduciary responsibility of the federal government, the bill lays the groundwork for federal government support and assistance. Because native Hawaiians have already endured nearly seventy years of frustration waiting for the HHCA to be implemented in full force, your Committee finds that enactment of the bill is urgent.

Your Committees note that the Hawaii State Constitution provides for amendment or repeal of the HHCA by the state legislature with consent of the United States. This measure does not change or affect this process. Additionally, your Committees note that should this bill be enacted on the state level, congressional hearings will be held in Hawaii so that public concerns may be expressed and addressed.

Your Committees also note that this bill is the result of several months of gathering of community input and feedback through community meetings and public hearings.

Finally, your Committees emphasize that the bill contains explicit language which ensures that nothing in the bill shall be construed to affect sovereignty and reparations issues.

Your Committees on Economic Development and Hawaiian Affairs and Judiciary are in accord with the intent and purpose of S.B. No. 3236, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3236, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Peters, Say and Stegmaier.

SCRep. 1161-90 Consumer Protection and Commerce on S.B. No. 2592

The purpose of this bill is to repeal Section 431:11-106(c)(3),(4) and (5), Hawaii Revised Statutes, which requires that:

- (1) At least one-third of a domestic insurer's board of directors and at least one-third of each board committee be comprised of persons who are not related to the domestic insurer through its holding company system; and
- (2) One board committee be comprised solely of unrelated persons to act as a financial oversight committee to recommend the selection of independent certified public accountants to evaluate the performance of principal officers of the insurer, and to recommend to the board the selection and compensation of the principal officers.

The Department of Commerce and Consumer Affairs (DCCA) testified that the Insurance Division had no objection to repealing the restrictions on the composition of the board of directors of holding companies and its committees. The Insurance Division recognized that domestic insurers were having trouble complying with the requirement that they establish committees comprised solely of directors who are not officers or employees of the domestic insurer or its holding company. The Insurance Division had reservations that the repeal might affect the independent CPA audits that it is currently able to conduct.

Pacific Insurance Company, Ltd., and First Insurance Company of Hawaii, Ltd. testified in support of the bill. They noted that Section 431:11-106(c) was an "optional" section of the NAIC Model Act (adopted by only one other state) which had been included in the 1987 recodification of the Hawaii Insurance Code and that no specific rationale had been given for its inclusion. Pacific Insurance testified that the requirements imposed by this section discourage the formation and ongoing operation of domestic Hawaii insurance companies because of the difficulties it creates in getting independent directors to serve on their boards and committees, the contradiction it poses to the operational need for all companies in a holding company system to use the same auditor and have access to the accounting records of all subsidiaries and the special burdens and impositions that it erects which fall solely on domestic Hawaii insurance companies.

Pacific Insurance and First Insurance also noted that existing laws which regulate:

- (1) The composition and powers of the boards of directors of domestic insurance companies;
- (2) Private corporations (which have been made specifically applicable to the domestic stock insurance companies by Sections 431:4-103 and 431:4-201; and
- (3) The fiduciary duties of directors,

assure the maintenance of desired standards by boards of directors of holding companies.

Your Committee notes that the repeal of these provisions does not abrogate any authority the Insurance Division may have to require independent CPA audits of domestic insurance companies.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2592 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Peters.

SCRep. 1162-90 Consumer Protection and Commerce on S.B. No. 2169

The purpose of this bill is to require all retail liquor stores, restaurants, bars and all other places where intoxicating liquor is available for sale to the public to post "point-of-purchase" warnings on the risks of drinking during pregnancy.

Your Committee heard testimony in favor of this bill from the Department of Health (Department) and Hawaii Healthy Mothers, Healthy Babies Coalition (Hawaii Healthy Mothers).

The Department testified that many women do not realize that consuming one or two drinks a day during the first trimester of pregnancy can hurt their fetus. Therefore, posting the point-of-purchase signs may create an awareness that drinking alcohol while pregnant can cause birth defects.

The Hawaii Healthy Mothers supported the bill since the signs educate the general public as well as pregnant women. The Hawaii Healthy Mothers recommended that the language of the sign should be amended and recommended a simple drawing conveying the message so that the public will be able to understand the warning.

The Hawaii Hotel Association; the Hawaii Restaurant Association; Anheuser-Busch Companies; the Wholesale Liquor Dealers Association; the Retail Liquor Dealers Association; Hawaii Food and Beverage Association; and Liquor Dispensers of Hawaii testified in opposition to the bill. They questioned the effectiveness of the point-of-purchase approach and referred to studies indicating that most women already know that alcohol is dangerous to their pregnancy. Further, they pointed out that federal law mandates that every alcoholic beverage container must carry a warning that consuming alcohol may cause birth defects, thus this bill is redundant. They recommended that realistic education on the relation between alcohol and birth defects should be done by a doctor or a nurse.

Your Committee finds that this bill addresses a societal desire to encourage abstinence from alcohol for pregnant women. The federal Alcoholic Beverage Labeling Act, which was incorporated into the omnibus Anti-Drug Abuse Act of 1988 (Public Law 100-690), took effect on November 18, 1989, and requires a specific health warning statement to appear on the labels of all containers of domestic or imported alcoholic beverages for sale or distribution in the United States. However, such a warning statement reaches the customer only when the customer is the end purchaser of the bottle or container. In addition, numerous states and county jurisdictions have enacted point-of-purchase warning laws such as proposed here.

Your Committee was informed that a sign prohibiting the sale of liquor to persons under twenty-one years old and a sign prohibiting driving while intoxicated must be posted at the liquor stores, restaurants, bars and other public places where intoxicating liquor is sold and the addition of one more sign may be counterproductive. Therefore, your Committee has amended this bill to allow businesses to combine this notice with the other statutorily required notices related to intoxicating liquor. Your Committee notes that since the Department of Health is charged with protecting public health and safety, such a combined notice must be approved by the Department of Health.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2169, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2169, H.D. 1.

Signed by all members of the Committee except Representative Peters.

SCRep. 1163-90 Consumer Protection and Commerce and Judiciary on S.B. No. 2102

The purpose of this bill is to continue the regulation of midwives by the Department of Health and to adopt the recommendations of the Legislative Auditor's sunset evaluation report on midwifery.

Your Committees heard testimony in support of this bill from the Department of Health (Department), the Certified Nurse-Midwives, and the Hawaii Nurses' Association. They all strongly supported the bill because it establishes clearer statutory authority for the Department to establish rules to regulate the practice of midwifery. The Department stated that it will be involving its Advisory Committee on Midwifery, which includes representation from the Hawaii Medical Association and the Hawaii Chapter of the American College of Obstetricians and Gynecologists, in the development of rules to address the four points which must be covered by the regulation under this bill. The Department expressed its intent to develop a specific program within the Department to address this and the Legislative Auditor's recommendations to recruit, retain, monitor, and evaluate certified nurse-midwives in the State's perinatal care system.

Your Committees have amended this bill to delete the violation of rules from being considered a misdemeanor as this penalty would be inappropriate.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 2102, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2102, S.D. 1, H.D. 1.

Signed by all members of the Committees.

SCRep. 1164-90 Consumer Protection and Commerce on S.B. No. 2433

The purpose of this bill is to require life insurers to provide a disclosure notice to policyholders that their policy may be only partially covered or may not be protected at all by the Hawaii Life and Disability Insurance Guaranty Association (HLDIGA) at the time of policy delivery.

Your Committee notes that the House and Senate have taken different approaches to this issue. This bill requires life insurance agents to deliver a summary document regarding the coverage available under the HLDIGA when policies are delivered to consumers. The companion House bill had deleted any requirement to deliver such a summary document. Your Committee believes that insurance agents misuse the delivery of a summary document by leading consumers to believe that they need not be concerned about the financial strength of the insurance company underwriting their policy.

Because the HLDIGA covers policyholders up to \$300,000, in the event of a company failure, your Committee believes that the limits are not a problem for the majority of consumers. While at the same time, your Committee believes that consumers should always take the responsibility of investigating the financial strength of companies with which they do business. Your Committee also notes that the instances of a complete failure of a life insurance company are relatively few.

Finally, your Committee notes that the Insurance Commissioner clarified, on the companion measure, that the current statutes do not prevent insurance agents from answering questions that clients and potential clients raise with respect to the protection available to them by the HLDIGA in the event of a company failure. The current statute only prohibits reference to the HLDIGA "for the purpose of sales, solicitation or inducement to purchase" insurance.

Your Committee has amended this bill by replacing the language of this bill with the language of the companion H.B. No. 2026, H.D. 1, which deletes the mandatory disclaimer requirement, as an appropriate response to the concerns raised on this issue.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2433, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2433, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1165-90 Consumer Protection and Commerce on S.B. No. 506 (Majority)

The purpose of this bill is to amend the law relating to collision damage waiver coverage sold by motor vehicle rental companies in the following manner:

- (1) Prohibit motor vehicle rental agencies from offering collision damage waivers (CDW);
- (2) Place the risk of loss of the rental vehicles on the U-drive agencies with a maximum liability to the consumer of \$100, except in specified circumstances; and
- (3) Require every motor vehicle insurance policy in this State to contain collision coverage for rental vehicles.

The Legislature passed the Motor Vehicle Rental Industry Act in 1988 to regulate a heretofore unregulated industry because of questionable practices within the industry impacting to the disadvantage of consumers. One of the major areas of abuse was in the sale of CDW by the rental car companies. The 1988 Act focused on disclosure to consumers so that consumers would be able to understand what CDW were. In spite of the law, your Committee is informed that problems and abuses continue, particularly with regard to CDW.

The Department of Commerce and Consumer Affairs Insurance Division (Division) testified in support of the amendments which would prohibit motor vehicle rental agencies from offering CDWs and which limit the renter's liability for damage; the Division, however, testified against a requirement that every motor vehicle insurance policy issued in the State provide collision coverage for rental vehicles and against the provision permitting rental companies to charge up to a \$100 deductible for collision damage. The Division felt that a mandate for every motor vehicle policy to cover collision damage for rental vehicles was undesirable because it would be duplicative of an existing practice and would also increase the cost of the motor insurance policy. It also opposed the \$100 deductible because it believes this would be a potential area of abuse by rental agencies. The Division offered the National Association of Insurance Commissioners (NAIC) model in lieu of this bill.

The Department of Commerce and Consumer Affairs, Office of Consumer Protection (OCP), supported this bill with an additional amendment that the use of CDWs would be included as a per se violation of the Section 480-2, Hawaii Revised Statutes. The OCP testified that in the year since the Motor Vehicle Rental Industry Act became effective, it has found the level of compliance to be low and the amount of administrative time required high, and that this situation is likely to continue because of the difficulties of enforcement. The OCP believed that the prohibition of CDWs would be an effective way to stop the abuses in this area without requiring substantial administrative oversight and would be a means by which consumers can be assured that prices advertised are true prices rather than discovering after they have selected a car rental agency that the cost is much higher due to the CDW option.

The Hertz Corporation strongly supported the bill, testifying that despite the legislation (Act 251, Session Laws of 1988) to remedy the abuses in this area, the abuses continue as shown by its investigation. Hertz pointed to the problems of misleading pricing information given to the consumer and unfair competition in the car rental industry, and a continuing practice of rental agencies using the CDW as a profit-center.

Favorable testimony was also received from a public policy consultant who felt that this law would be favorable to consumers protecting them from the "bait and switch" high pressure coercion selling tactics that accompany CDW...

The Hawaii Insurers Council (HIC) supported the intent of the bill, but pointed to some problem areas. The HIC noted that the type of motor vehicle insurance policy an individual has will make a difference on the coverage provided for rental vehicles; some credit card companies provide collision damage coverage to renters; the \$100 deductible may be open to abuse by some rental companies; and this legislation will not help Hawaii residents when they are out-of-state.

Oshiro Enterprises, Inc.; Alamo Rent-A-Car, Inc.; and the Car and Truck Renting and Leasing Association--Hawaii Chapter (CATRALA) provided testimony in opposition to the bill. One of their major concerns was that it would be very difficult for small, non-self-insured companies to be responsible for all collisions and to obtain adequate insurance protection at an affordable price. Oshiro Enterprises testified that its insurance agent has informed them that to comply with the changes proposed, that is, decreasing the collision deductible to \$100 without changing the experience modification, its collision insurance premium per vehicle would increase from \$45 to approximately \$285. Further, if Oshiro's experience credits were eliminated, there was no modification on experience, and it only had a \$100 deductible, its insurance premium would increase to approximately \$3,958 per vehicle.

Opponents argued that the laws passed last year already protect the consumer and should be allowed to work; that if violations occur, they should be enforced by the Office of Consumer Protection; and renters will no longer have the option to decline protection from collision coverage even when they have coverage available under their own policies.

In view of the testimony presented and your Committee's concern with the negative impact that this bill would probably have on smaller rental agencies, it declines to recommend that collision damage waiver provisions be repealed.

Your Committee notes that self-insured rental car companies will be at a distinct advantage over non-self-insured companies in the matter of insurance coverage if CDWs are eliminated. However, your Committee also recognizes that abuses continue and legislative action to minimize those abuses is warranted.

Consequently, your Committee has amended this bill in the following manner by:

- (1) Deleting the prohibition against the offering of CDWs;
- (2) Adding a "cap" for the allowable CDW charge at \$9. This amendment was made to follow the California example of establishing a cap on the charges that can be made for the CDW; and
- (3) Prohibiting the payment of commissions for the sale of the CDW. This amendment was made because your Committee believes that a prohibition for rental agencies to structure compensation for their employees to include commission earned on the sale of CDWs would discourage the employees of rental agencies to pressure consumers into the purchasing the CDWs.

Your Committee further recommends that the Office of Consumer Protection consider bringing class action suits against rental car companies which violate the provisions of the law, so as to warrant the expenditure of time and resources it spends in enforcing the current law. Your Committee believes that class action suits would have a significant impact on the rental car industry and would encourage compliance with the law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 506, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 506, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

(Representatives Amaral, Andrews, Bellinger, Peters, Anderson and Cavasso did not concur.)

SCRep. 1166-90 Consumer Protection and Commerce on S.B. No. 3209

The purpose of this bill is to create a new Chapter in the Hawaii Revised Statutes to provide for the regulation and licensing of nurses aides.

The Department of Health, the Department of Commerce and Consumer Affairs (DCCA), the Hawaii Long Term Care Association and the Kokua Council for Senior Citizens testified in favor of this bill in order that nurse aides working in nursing facilities which are participants of the Medicare and Medicaid programs can be licensed and certified in accordance with the federal Omnibus Reconciliation Act (OBRA) amended by the Nursing Home Reform Act of 1988 requirements for nursing facilities to participate in the Medicare and Medicaid programs.

The DCCA also testified that while it is willing to take on the licensing responsibility required in the bill, it will need additional personnel to do so and is pursuing the necessary appropriation through a supplemental budget request. The DCCA noted that, based on the standards of Chapter 26H-2, it does not see a need to regulate all nurse aides in the State and that this bill will not have any impact on nurse aides who do not work in facilities which do not participate in Medicare and Medicaid programs. Finally, the DCCA explained that this bill has been consciously framed without specific criteria or standards for certification and with clear authority for the DCCA to implement a certification program for nurse aides so that it will be able to promulgate rules which will implement federal requirements as they are established.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3209, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Peters.

SCRep. 1167-90 Consumer Protection and Commerce on S.B. No. 2837

The purpose of this bill is to prohibit the commercial use of a motor vehicle owned by a welfare recipient who receives free no-fault insurance from the State and to extend free no-fault automobile insurance coverage to permanently disabled individuals who are receiving public assistance and who are unable to operate their vehicles.

The Department of Human Services testified in favor of both portions of the bill. The State Planning Council on Developmental Disabilities and the Commission on Persons with Disabilities strongly supported the addition of coverage for permanently disabled individuals who are unable to operate their vehicles noting that the need was especially great on the neighbor islands where accessibility to public transportation is a problem.

Your Committee believes that this bill simply clarifies that free no-fault insurance for welfare recipients was never intended for commercial use. It also intends that the free no-fault coverage for disabled individuals receiving public assistance and who are unable to operate their vehicles should be provided to cover the designated drivers of these individuals and not "any driver".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2837, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1168-90 Consumer Protection and Commerce on S.B. No. 2220

The purpose of this bill is to amend Chapter 269, Hawaii Revised Statutes, by allowing the Public Utilities Commission to permit competition among telecommunications providers as the Commission determines to be in the best interest of the public.

Your Committee believes that given the innovative telecommunications services that have developed, the Public Utilities Commission (Commission) should be given the flexibility to regulate or deregulate, partially or fully, any telecommunications service or provider as required by the public interest. The Commission is equipped to consider the ramifications of deregulation and, as an administrative agency, is able to respond quickly to conditions that may militate against continued deregulation.

Your Committee notes that in deciding whether to exempt a telecommunications service or provider from traditional regulation, the Commission should do a full review of all relevant factors as described in subsection (a) of this bill and should make specific findings so that an exemption is granted only after a hearing and upon a complete record, including an analysis of all the relevant enumerated factors. Depending on the type of service or provider seeking an exemption, different criteria will be relevant to the ultimate decision of the Commission. Those criterias are listed in subsection (a). Your Committee believes a reasonable decision could not be reached without a careful review of those factors.

Your Committee believes that the Commission has continuing jurisdiction over "shared telecommunications services" (STS) service providers until the STS services providers are exempted as a public utility. Your Committee notes that the Commission also retains the right to re-regulate exempted STS providers. This jurisdictional right is given to the Commission because your Committee is concerned about the impact of an STS provider becoming defunct and the potential of increased costs to the local telephone company, which must then step in to provide services. Therefore, your Committee expects that while the Commission should deal with STS providers expeditiously, the Commission should be thoroughly satisfied that the STS service provider has the resources to continue STS service to its customers.

In addition, your Committee anticipates that the Commission will act promptly upon approval of this bill, to prevent any discontinuance, or threatened discontinuance, of access by existing STS providers or users of the local exchange system until a final Commission ruling is made affecting existing systems. This bill allows the Commission to respond in an expeditious manner to STS providers or users who wish to update and modernize equipment now in use.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2220, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1169-90 Consumer Protection and Commerce on S.B. No. 2120

The purpose of this bill is to continue regulation of the licensure process for laboratory directors, laboratory technologists, laboratory supervisors, and laboratory technicians until December 31, 1993.

Your Committee received testimony in support of the bill from the Department of Health (Department). The Department testified that regulating the licensing process for laboratory personnel would protect the consumer from substandard laboratory practice by requiring that minimum statewide qualifications and education be met. Discontinuing licensure regulation would be contrary to the national trend.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2120, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1170-90 Consumer Protection and Commerce on S.B. No. 3280

The purpose of this bill is amend Section 437D-13, Hawaii Revised Statutes, to require every rental motor vehicle to contain a decal informing renters of Hawaii's seat belt, child passenger restraint requirements, and driving under the influence (DUI) laws. Your Committee understands that the requirement of the decal will enable rental car companies to more easily display and thereby inform Hawaii's visitors of Hawaii's requirement of using seat belts and child passenger restraint and Hawaii's prohibition of driving under the influence of intoxicating liquor.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3280, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1171-90 Finance on S.B. No. 2432

The purpose of this bill is to establish a representative payee program within the Department of Health for mentally ill persons and persons suffering from substance abuse who are unable to manage their personal finances.

The bill also directs the Department of Health, in developing the program, to consider the following:

- (1) Services to the neighbor islands;
- (2) Training for representative payees;
- (3) Representative payees for care home residents;
- (4) Representative payees for homeless persons;
- (5) The use of case managers as representative payees; and
- (6) The development and implementation of an inter-agency working agreement with the Department of Human Services to carry out the purposes of this bill.

Your Committee received testimony in support of the bill from the Department of Health, the Hawaii Mental Health Consumer Council, the Institute for Human Services, Inc., and the Office of United Self-Help.

The testifiers cited the need to provide representative payee services to mentally ill people or people suffering from substance abuse to help them manage their personal finances. In addition, they also noted that mentally ill people are much more likely to use psychiatric and medical services if they are already having their financial resources managed by someone who is connected to these services.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2432, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1172-90 Finance on S.B. No. 3221

The purpose of this bill is to provide new sources of revenue for the wildlife revolving fund by requiring that bail forfeitures and sales revenues collected in the course of regulating hunting in the State be deposited to the credit of the wildlife revolving fund.

More specifically, this bill would:

- (1) Clarify that bail forfeitures resulting from violations of Chapter 183D, Hawaii Revised Statutes, are to be deposited into the fund;
- (2) Provide that moneys collected from the sale of any article required to be purchased from the Department of Land and Natural Resources (DLNR) in order to hunt be deposited into the fund; and
- (3) Provide that moneys collected from the sale of any works of art related to the sale of the articles referred to under item 2 be deposited into the fund.

The Department of Land and Natural Resources, the Sportsmans Council of Hawaii, the Safari Club International (Hawaii Chapter), and the Koko Head Skeet Club submitted testimony in support of this measure.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3221 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1173-90 Finance on S.B. No. 2938

The purpose of this bill is to increase the number of exemptions permitted under Paragraph 9 of Section 76-19, Hawaii Revised Statutes, by adding the following positions:

- (1) An additional law clerk for the civil administrative judge of the Circuit Court of the First Circuit;
- (2) An additional law clerk for the civil motions judge of the Circuit Court of the First Circuit;
- (3) An additional law clerk for the criminal motions judge of the Circuit Court of the First Circuit; and
- (4) An additional law clerk for the administrative judge of the District Court of the First Circuit.

The Judiciary testified in support of this bill and explained that these positions are currently filled and are needed to meet the increased workload of the courts. This bill would confer statutory authority for the Judiciary to fill these positions.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2938 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1174-90 Finance on S.B. No. 3117

The purpose of this bill is to exempt financial corporations taxable under Chapter 241, Hawaii Revised Statutes, from general excise taxes, provided that:

- (1) The exemption shall apply only to interest, discount, points, loan fees, loan origination charges, and finance charges which are part of the computed annual percentage rate of interest and which are contracted and received for the use of money; and
- (2) With regard to financial corporations acting as interbank brokers, the exemption shall apply only to gross income derived from brokerage services.

The bill also amends Section 241-1, Hawaii Revised Statutes, to define "interbank broker" and "financial institution".

Additionally, the bill expands the definition of "financial corporation" to include an interbank broker doing business in the State.

Your Committee received testimony in support of this bill from the Department of Business and Economic Development, the Department of Taxation, the Tax Foundation of Hawaii, and the Economic Development Corporation of Honolulu.

The Economic Development Corporation indicated that no other jurisdiction imposes an excise tax on interbank broker transactions. An excise tax exemption is needed not only to make the interbank broker business in Hawaii viable, but to attract such business to the State.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3117, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1175-90 Consumer Protection and Commerce and Intergovernmental Relations and International Affairs on S.B. No. 2801

The purpose of this bill is to add two new definitions for "rooming house" and for "single room occupancy dwelling", to amend the definition of "hotel", and to exempt single room occupancy dwellings from the provisions of Chapter 445, Hawaii Revised Statutes.

Your Committees heard testimony in favor of this bill from the Hawaii Association of Realtors, the Commercial Realty Corp., and several landlords. The landlords stated that their buildings, which are rented to individuals at an affordable price, do not have a central kitchen facility, individual kitchen facilities, nor a private bathroom. They supported the bill because currently the Chapter 445, Hawaii Revised Statutes, licensing requirements consider them "hotels", thus forcing them to expend large sums of money to bring their buildings up to current code requirements for hotels. They stated that to bring their buildings up to code would require them to displace the tenants while the work was being done and would force them to raise the rent. Further, they felt that when Section 445-90, Hawaii Revised Statutes, was enacted, the law was intended to exclude single room occupancy building from the hotel licensing requirements, since the rooms are not rented on a hotel or transient basis and they do not engage in the unfair or deceptive practices stated in Section 445-95.2, Hawaii Revised Statutes.

The City and County of Honolulu (City) testified in opposition to the bill. The City felt that the bill reflected a misunderstanding of the distinction between licensing and the building code requirements. The definitions used for licensing purposes are not the same as those used for building code purposes, and changing the licensing definition did not affect the requirements under the building code. Further, under the Land Use Ordinance, a single room occupancy dwelling would be considered a multi-family dwelling, boarding facility, or group living facility.

Your Committees understand that the City, through letters submitted from Commercial Realty Corp., has advised these landlords that they are in violation of city ordinances because they are not licensed as a "hotel". To be licensed as a "hotel", landlords must obtain a Business-Profession-Occupation License, a Sanitation Certificate from the Department of Health, and a Clearance Certificate from the Building Department.

Your Committees believe that these type of buildings are not "hotels" as they do not have all the facilities associated with a hotel such as a private complete bathroom, a registration desk, and a hotel lobby. Moreover, requiring modifications to these buildings to provide such facilities does not appear to promote any public purpose. However, your Committees believe that these buildings should continue to be regulated under Chapter 445.

Your Committees are concerned with the language in this bill because it will exempt some buildings that the Legislature does not intend to exempt, i.e., half-way houses. Therefore, your Committees have amended this bill by:

- (1) Deleting the two new definitions of "rooming house" and "single room occupancy dwelling", the amendment to the definition of "hotel", and SECTION 2 exemption for single room occupancy dwellings; and
- (2) Amending the existing definitional section by deleting the limitation of "nine rooms" in the current definition of "lodging or tenement houses", "group home", "group living arrangement", or "rooming house".

Thus, the types of buildings owned by these landlords will come within these definitions and not within the "hotel" definition.

Your Committees on Consumer Protection and Commerce and Intergovernmental Relations and International Affairs are in accord with the intent and purpose of S.B. No. 2801, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2801, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 1176-90 Finance on S.B. No. 3128 (Majority)

The purpose of this bill is to allow the counties to levy a general excise and use tax surcharge for a period of five years, beginning on January 1, 1993, and ending on December 31, 1997.

The moneys collected from the surcharge would be utilized by the City and County of Honolulu to finance a fixed rail rapid transit system, and by the Counties of Hawaii, Kauai, and Maui for public transportation, infrastructure, and park needs.

The bill also provides the following:

- (1) Specifies that the City and County of Honolulu can only use revenues realized from the imposition of the surcharge to meet the county/private sector matching requirement for the State Transit Capital Development

Fund for the development of a fixed rail rapid transit system; and only if private source revenues are insufficient;

- (2) Requires that a development agreement between the City and County of Honolulu and the State for the development of a fixed rail rapid transit system be signed by November 15, 1991, and that this agreement be submitted to the legislature by December 1, 1991;
- (3) Authorizes the Legislature to disapprove the development agreement by concurrent resolution during the 1992 regular session; and
- (4) Specifies that if no development agreement is submitted to the legislature by December 1, 1991, or if the legislature disapproves the development agreement, the Act would be repealed.

Your Committee finds that in addition to continuing with the State's highway construction and maintenance program, it is imperative that initiatives be continued to lessen the number of automobiles on our highways. Your Committee believes that mass transportation, specifically the transportation of individuals by bus or fixed rail rapid transit, is a very viable means of lessening the number of automobiles on our highways. However, your Committee notes that capital costs for the development of an efficient bus or fixed rail rapid transit system may be substantial and feels that a reasonable distribution of financial responsibility between participating government and private parties is essential.

The City and County of Honolulu is in the process of developing a fixed rail rapid transit system for Oahu. Your Committee finds that the City will be unable to absorb the estimated 1.4 billion dollars required to build such a system and that assistance from state, federal, and private sector sources is imperative. Your Committee further finds that the City's fixed rail rapid transit project appears eligible to receive assistance from the federal government for approximately thirty per cent of the total construction cost. Your Committee is aware that federal funding may not be authorized unless a confirmed, dedicated source of funding is established.

Your Committee finds that the neighbor island counties currently have bus systems in operation and are in need of financial assistance to expand their systems by purchasing new buses.

Your Committee notes that S.B. No. 1719, S.D. 1, H.D. 2, creates a State Transit Capital Development Fund to assist the counties with capital costs involved in the development of mass transportation. In order to use moneys from the State Transit Capital Development Fund, this bill requires a county to enter into a development agreement with the governor, subject to the disapproval of the legislature, and provide a dollar for dollar match from county or private sources. The use of federal dollars for the purposes of satisfying this matching requirement is expressly prohibited.

Your Committee finds that this bill, together with the bill establishing the State Transit Capital Development Fund, provides a very viable method in which to assist the City and County of Honolulu in the development of a fixed rail rapid transit system and to assist the neighbor island counties in the enhancement of their present bus transportation networks and the creation of new bus transportation systems.

Your Committee also finds that a sound financial plan is desirable before initiating a request for formal proposals. Your Committee is convinced that it will be of great benefit if the County possesses, when refining bids received for the development of a fixed rail rapid transit system through negotiation, the leverage and authority provided by this bill to bargain with the private sector entities. In the event that private sector funding or concessions are not obtained, your Committee feels that the County should have the flexibility to raise funds necessary at the local level to satisfy the requirements of the State Transit Capital Development Fund.

Your Committee has made the following amendments to the bill;

- (1) Provided for the surcharge payments to be attributable to the County in which those payments were passed through to the consumer, so as to ensure equitable distribution by the Director of Taxation of the surcharge revenues to the respective counties; and
- (2) Clarified that this Act would take effect only if the State Transit Capital Development Fund is established by law.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3128, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3128, S.D. 2, H.D. 2.

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

SCRep. 1177-90

Finance on S.B. No. 3233

The purpose of this bill, as received by your Committee, is to:

- (1) Establish a nine-member Hawaii Sports Authority (Authority) that will have complete jurisdiction over the Aloha Stadium and other state sports facilities, except the sports facilities of the University of Hawaii;
- (2) Establish a Hawaii Sports Facility Special Account for the deposit of all receipts collected from ticket sales and facility deposits;

- (3) Allow the Authority to issue revenue bonds with the approval of the Governor;
- (4) Grant the Authority's chief security officer police powers while in the actual performance of specified duties;
- (5) Designate violations of any Authority rules relating to conduct, parking or traffic as petty misdemeanors punishable by fines not to exceed \$500, and imprisonment of up to 30 days;
- (6) Specify procedures for the disposition of "lost and found" items recovered in the stadium;
- (7) Repeal Chapter 109, Hawaii Revised Statutes, relating to the current Stadium Authority;
- (8) Provide for the transfer of personnel and property to the Authority; and
- (9) Mandate the preparation of a plan by the Authority concerning its goals for sports promotion and the development of sporting activities and other facilities.

Your Committee has amended this measure by:

- (1) Deleting the substance of the measure, as described above, and inserting in its place a \$250,000 appropriation, to be matched by funds from the Stadium Special Fund, for a comprehensive study on the feasibility of the establishment of a Hawaii Sports Authority by the Legislative Auditor;
- (2) 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; and
- (3) Making technical, nonsubstantive revisions for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 3233, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3233, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1178-90 Finance on S.B. No. 2338

The purpose of this bill is to establish a joint legislative budget committee (committee), composed of House and Senate members, to ascertain facts and to make recommendations to the Legislature and both houses concerning the state budget, the revenues and expenditures, and the organizations and functions of the State.

At the same time, this measure would authorize the committee to establish an Office of the Legislative Analyst and to appoint a Legislative Analyst and other staff. With the assistance of the Office of the Legislative Analyst, the committee would provide the Legislature with research, evaluation, analyses, and recommendations regarding state revenues and expenditures, the executive budget, and economic and fiscal policy.

Your Committee finds that modern legislatures throughout the country have become sophisticated data gatherers and analysts, on par with the executive and judiciary branches of government. This shift has been accelerated in recent years through the development of professional, highly specialized legislative staff.

Since Hawaii's Legislature meets for only four months of the year, it has come to rely heavily on the use of session-only staff or employees on loan from the executive branch.

Your Committee further finds that Hawaii is the only state in the nation that utilizes staff on temporary loan from executive agencies to support the work of its money committees. While this practice was commonplace a few years ago, today nearly all state Legislatures have concluded that they can provide effective legislative oversight only if they have their own capacity to review and analyze the budget, their local economic conditions, and overall tax structure and attendant policies.

Other states have established nonpartisan, highly specialized legislative fiscal analysis offices, in addition to staffs of each chamber's money committees, to review executive branch proposals and to appraise the performance of the executive branch in administering legislative enactments.

To fulfill the mandate of this bill, your Committee finds that it is necessary to appropriate funds to improve the operations of the money committees of both chambers.

At the same time, your Committee finds that it is important to conduct legislative operations in an efficient manner. This includes encouraging the public to take an active part in government by making State Capitol facilities more accessible and promoting improved public access throughout the State of Hawaii through technological and other means.

Your Committee received testimony in support of this measure from the Office of the Legislative Auditor.

Your Committee has amended this measure by:

- (1) Adding 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 to comply with constitutional and statutory requirements;

- (2) Appropriating \$1 for the operations of the Office of the Legislative Analyst for purposes of continued discussion;
- (3) Appropriating funds for upgrading and developing the Legislature's budget analysis software, hardware, equipment, staffing, and any other resources necessary to facilitate more efficient operation and management of the Legislature;
- (4) Adding a new part promoting public access by making various appropriations; and
- (5) Making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2338, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2338, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1179-90 Finance on S.B. No. 2674

The purpose of this bill is to do the following:

- (1) Establish the Hawaii Integrated Waste Management Act that would authorize and request the counties to develop countywide integrated solid waste management plans;
- (2) Enable the State to assist the counties and other agencies in providing safer disposal methods for household hazardous wastes; and
- (3) Develop and implement a public information program on the proper disposal of household hazardous wastes.

Testimony in support of the intent of this measure was submitted by the Department of Health, the Department of Public Works of the County of Hawaii, the Environmental Center, the Maui Recycling Group, the Recycling Association of Hawaii, the Hawaii Democratic Movement, and the West Maui Taxpayers Association.

The Hawaii Food Industry Association, the NAPA Distribution Center Hawaii, and the Hawaii Business League graphically expressed their concerns about the labeling requirement and the requirement that businesses accept any unused or unwanted portion of the household hazardous waste products.

Based on the recommendations of the Department of Health, your Committee made the following amendments to the new chapter on "Household Hazardous Substance Recycling":

- (1) Required the distributor or commercial establishment to accept back any unused or unwanted portion of the household hazardous product purchased therefrom upon proof of purchase by the consumer;
- (2) Prohibited the storage of household hazardous waste at commercial centers for more than 30 days;
- (3) Clarified that the cost of reproducing labels will be borne by the distributor, not the Department of Health;
- (4) Clarified that the Department of Health will be responsible for establishing the standard design and wording of the required label or tag;
- (5) Deleted the reuse provision because the Department of Health does not envision any specific product that could be redistributed for reuse by the public;
- (6) Required that household hazardous wastes collected shall be subject to requirements established under 40 C.F.R. 264; and
- (7) Required safe storage and final disposal only at disposal facilities licensed to accept hazardous wastes as defined by the federal Resource Conservation Recovery Act of 1976, as amended.

Your Committee has also amended this measure by:

- (1) Adding a 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;
- (2) Dividing this bill into three parts: the first part dealing with Integrated Waste Management, the second part dealing with Household Hazardous Substance Recycling, and the third part dealing with public information programs on the proper disposal of household hazardous wastes; and
- (3) Making other technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 2674, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2674, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1180-90 Labor and Public Employment on S.B. No. 1963

The purpose of this bill is to authorize the Director of Labor and Industrial Relations to order restitution in case of fraud arising under Chapter 386, Hawaii Revised Statutes (HRS).

Your Committee has received conflicting testimony on this measure and notes that under existing law penalties for fraud are mandatory in nature.

Your Committee has amended this bill to allow the Director of Labor and Industrial Relations to order restitution in appropriate cases. Restitution orders are applicable to claimants, as well as representatives of employers and insurance carriers. Responsibility for fraud shall be limited to the person directly engaged in misconduct and no restitution order shall be imposed on dependents and third persons who are innocent of misconduct. Repayment in amounts not to exceed fines for criminal misdemeanors are authorized.

It is the intention of your Committee to amend Section 386-98, HRS, and to decriminalize all cases of fraud arising under Chapter 386, HRS. Criminal statutes governing or regulating the same conduct shall be preempted by Section 386-98, HRS. Proof of guilt must be established by clear and convincing evidence to ensure compliance with due process requirements.

Your Committee, however, does not intend to preempt civil remedies such as actions for bad faith against employers and insurance carriers.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1963, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1963, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Marumoto.

SCRep. 1181-90 Labor and Public Employment on S.B. No. 1509

The purpose of this bill is to allow certain owner-employees of private corporations to exempt themselves from unemployment compensation payments and benefits under Chapter 383, Hawaii Revised Statutes (HRS).

Your Committee has amended this bill to extend the exemption to only those owner-employees of a family-owned business. Basically, this bill is to provide those businesses commonly referred to as "mom and pop" operations and similar family-owned businesses the option to exempt themselves from unemployment insurance (UI) coverage. However, this exclusion shall apply to businesses which only employ individuals of a family unit who are owner-employees. These individuals must own at least fifty per cent of the shares issued by the corporation. Entities which employ non-family members and others who are not shareholders, shall not be eligible for this exclusion.

All shareholders must elect to be excluded from Chapter 383, HRS. This requirement will permit family members to be treated in the same manner as unincorporated organizations that may otherwise be exempt from unemployment taxes.

Only private corporations organized for profit will qualify for the owner-employee exclusion. This is intended to conform with Section 3304 (a)(3)(A), Federal Unemployment Tax Act (FUTA) that requires that states must extend coverage to employees of nonprofit organizations and government entities to be eligible for FUTA tax offset credits and administrative grants to operate a UI program.

To ensure proper administration of this exclusion in conformity with FUTA requirements, your Committee has added a requirement that applicants for exemption under this provision present proof that FUTA taxes have been paid. Thus, an owner-employee who seeks exclusion for family owned corporations must first comply with federal requirements which currently do not permit owner-employees to escape tax liability.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1509, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1509, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1182-90 Labor and Public Employment on S.B. No. 664

The purpose of this bill is to allow the State to recoup benefits erroneously paid under the Hawaii Employment Security Law from benefits payable to claimants under another state or federal unemployment compensation program.

Section 383-44, Hawaii Revised Statutes (HRS), pertains to recovery of erroneous unemployment compensation benefits, but there is no provision in that section authorizing cooperation with other states or the federal government in the recoupment of those benefits. This bill will expressly authorize such cooperation.

Your Committee heard testimony in support of this measure from the Department of Labor and Industrial Relations (Department) and Small Business Hawaii, and finds that allowing the State to participate in national programs to recover erroneously paid unemployment compensation benefits will make the State more likely to recover such funds, thus enhancing the integrity and solvency of the unemployment compensation system as a whole.

In addition, your Committee is in accord with the Department's request that additional language be included to permit the Department to write-off overpaid amounts due to an individual's inability to pay or other extenuating reasons and to relieve the Department from maintaining overpayment records for unreasonable lengths of time.

Your Committee has also reviewed and carefully considered the pertinent economic history in relation to amendments in Hawaii's unemployment insurance (UI) laws. In 1970, the Unemployment Insurance Trust Fund (Trust Fund) had a relatively immense reserve of \$44.1 million. At that time, the fund level was 1.9 times the highest benefit cost rate. In the early 1970's, adverse economic conditions drastically depleted the Fund to the point that by 1976, \$22.5 million were borrowed in federal loans to continue paying benefits. In addition, a flat 3% contribution rate was set for 1976 and increased to 3.5% for 1977 and 1978, when businesses were least able to afford the tax increases. Also, benefit eligibility standards were stiffened to replenish the Trust Fund.

By the mid-1980's the health of the Trust Fund improved. Accordingly, beginning in 1987, the Legislature enacted a series of measures to control the level of the Trust Fund.

As a result, since 1988, employers have enjoyed substantial tax savings. The laws triggering mechanisms lowered employer contribution rates and variable taxable wage bases were established. The maximum negative solvency rate of 0.5% was triggered beginning in 1988. This resulted in tax savings of \$20 million in calendar year 1988 and \$24 million in calendar year 1989 for employers.

Employers also benefited from a 50% taxable wage base in calendar year 1988 which further reduced their UI contributions by \$21 million.

After due consideration and review, your Committee finds that additional tax savings, as well as benefit adjustments for employees are in order. Accordingly, your Committee has amended the bill to provide for the following changes:

- (1) Provide employers with a one-time tax savings in excess of \$36 million by reducing the taxable wage base to \$7,000 for calendar year 1990 only;
- (2) Amend the definition of "adequate reserve fund" from an amount equal to the highest benefit cost rate in the previous 10 years to 1.5 times the highest benefit cost rate ever experienced, in accordance with the recommendations made in a March 2, 1990, study by University of Hawaii Professors Pollock and Suyderhoud entitled "Adequacy of the Hawaii Unemployment Insurance Fund". It is the opinion of your Committee that the current adequacy standard is insufficient to meet benefit payment needs in recessionary periods similar to the 1976 experience;
- (3) Revise the fund solvency contribution rate schedule to allow employers to benefit from negative solvency rates when the Trust Fund balance is at an amount equal to the adequate reserve level as it has been redefined. This modification provides employers additional tax savings in calendar year 1991;
- (4) Adjust benefit payment amounts of individuals receiving less than the maximum weekly benefit amount from 1/25 to 1/21 of high quarter wages, and adjust the maximum weekly benefit amount to 70% of the average week wages to provide a more equitable level of benefits to offset the full taxation of UI benefits since 1986;
- (5) Adjust weekly UI payments to individuals who work part-time while collecting jobless benefits by increasing the earnings disregard from \$2 to \$50. This provision will encourage individuals to accept or continue part-time employment while seeking full-time work; and
- (6) Reduce the qualifying wages from 30 times to 21 times the weekly benefit amount to increase the percentage of insured unemployed individuals from the 44% level which is Hawaii's current rate of covered unemployed in relation to the total number of unemployed individuals.

Significant tax savings to employers will result from the foregoing amendments. In 1990, a \$7,000 tax wage base in addition to the - 0.5% fund solvency contribution rate will result in an overall savings of \$61 million for employers. If low insured unemployment rates are sustained, the - 0.5% solvency rate will continue through 1991 for a \$27 million reduction in employer tax liability.

From 1988 through 1991, employers will have benefited from UI tax savings due to amendments and implementation of various provisions of Chapter 383, HRS, to the total amount of \$153 million.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 664, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 664, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1183-90

Judiciary on S.B. No. 2223

The purpose of this bill is to amend Section 188-40, Hawaii Revised Statutes, to make it unlawful to sell any ahi less than three pounds in weight.

Testimony in favor of this bill was received from the Department of Land and Natural Resources.

Your Committee believes that prohibiting the sale of ahi under three pounds would protect the small sizes so that they may grow to a larger size before being caught. Your Committee is concerned that ahi are being taken in increasing

numbers at very small sizes when large fish are not around and, therefore, believes that some measure of conservation for small ahi is warranted because of their possible later contribution as larger fish in Hawaii's ahi fishery.

Your Committee has amended this bill by inserting the words "opakapaka" and "onaga" in place of "ehu". Your Committee notes that without the inclusion of these two types of fish, the opakapaka and onaga are left without a minimum size for sale.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2223, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2223, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1184-90 Judiciary on S.B. No. 2964

The purpose of this bill as received by your Committee, is to increase the penalty for intentionally or knowingly causing bodily injury to a contest official from a misdemeanor to a class C felony.

Testimony in support of this bill was received from the Hawaiian Football Officials Association. Testimony against this bill was received from the Public Defender's Office and the Honolulu Police Department.

Your Committee finds that a separate category of assault against athletic contest officials should be created, however, the penalty should be no more than that of other third degree assault offenses.

Your Committee has therefore amended this bill by proposing that the offense of assault of athletic contest officials be created, but that the penalty for such an offense be a misdemeanor.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2964, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2964, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1185-90 Judiciary on S.B. No. 2946

The purpose of this bill is to clarify the ability of applicants to register to vote by mail, using a self-subscribing oath.

Testimony on this bill was received from the Office of the Lieutenant Governor and the Association of Clerks and Election Officers.

Your Committee recognizes that about half of Hawaii's voting age population is registered to vote. The convenience of a self-subscribing oath and mail registration as provided in this bill would enable disabled, homebound, and overseas citizens to register more readily. Roughly twenty percent of the voters are not properly registered in any given election. County and City clerks would be better able to maintain accurate registration rolls since it will be easier for Hawaii's highly mobile population to reregister after moving within the state. These considerations are so compelling that many Hawaii organizations and individuals have gone on record in support of mail registration.

Your Committee finds that twenty-seven other states use mail registration and one, Oregon, uses mail registration as its only method of voter registration. The introduction of this method has been found to have been followed by rising voter rates of voter participation. Jurisdictions which use voter registration report few or no cases of fraudulent registration or other problems.

Your Committee has amended this bill by

- (1) clarifying existing language in HRS §11-15(a);
- (2) removing language from 11-15(d) and combining it along with proposed language to form a new subsection (e);
- (3) renaming existing subsection (e) to subsection (f);
- (4) renaming proposed subsection (f) to subsection (g); and
- (5) proposing a new subsection (h).

Your Committee believes that the proposed subsection (h) would make it specifically clear that voter application forms shall be made available to qualified applicants through groups identified by the chief election officer and at the time of the applicant's driver's license application or renewal.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2946, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2946, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1186-90 Judiciary on S.B. No. 2605

The purpose of this bill is to amend Section 708-802, Hawaii Revised Statutes, to include all "offenses against property rights." This bill would also delete the specific references to parts II and IV of Chapter 708.

Testimony was received from the Department of the Attorney General on behalf of itself, prosecutors, and police chiefs.

Your Committee recognizes that current law allows for the identification of an item of property by means of a photograph. This involves property recovered in burglary, theft, and related offenses. Your Committee realizes, though, that this does not include property recovered in robbery, fraud, and other offenses enumerated in Chapter 708.

Your Committee understands that this bill will expand the type of property to be photographed to include all property recovered in offenses against property rights. This will enable victims of property crimes to obtain their property quickly from police and, at the same time, insure the availability of competent evidence at trial. This bill would facilitate the return of properties to the rightful owner who would otherwise be deprived of its use and enjoyment because of prolonged court proceedings.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2605 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1187-90 Judiciary on S.B. No. 3091

The purpose of this bill is to amend Section 37-77, Hawaii Revised Statutes, to transfer responsibility for processing all claims for legislative relief to the Attorney General. This bill further provides for alternative referral to the Comptroller, submission of additional claims during the legislative session, and transmission of an explanation, in lieu of substantiating data and documents, for legislative review.

Testimony was received from the Department of the Attorney General and the Department of Budget and Finance.

Your Committee realizes that, currently, claims are filed with the Director of Finance who refers the claims to the state agency concerned. The agency to which the reference is made reviews the claims and submits its recommendations back to the Director of Finance. The Director of Finance then forwards the claims and the agency's recommendations to the Attorney General who reviews the claims and transmits them together with recommendations to the Legislature.

Your Committee understands this bill to improve the legislative claims process by proposing the following amendments to current law:

- (1) The responsibilities of the Director of Finance concerning legislative claims process would be transferred to the Attorney General since the Director of Finance does not conduct any review nor make any recommendations as to the disposition of the claims, but rather merely serves as a clearinghouse in processing the claims;
- (2) The requirement that four copies of the claim be submitted would be deleted since the Attorney General has indicated that one copy is sufficient;
- (3) The requirement that claims be submitted 30 days prior to the convening of the Legislature would be deleted and the submittal of claims during the legislative session be allowed since this would expedite the payment of meritorious claims;
- (4) The Attorney General would have the flexibility to request investigations of claims by either the affected agency or the Comptroller since the Comptroller has a risk management staff whose assistance may be helpful in reviewing the claims; and
- (5) The requirement that the data and documents substantiating each claim be transmitted to the Legislature along with the claim would be deleted since a narrative explanation would be more helpful and concise. The data and documents substantiating each claim would be available for inspection by the Legislature as needed.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3091, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1188-90 Judiciary on S.B. No. 2951

The purpose of this bill is to clarify, streamline, and update statutory provisions relating to voter challenges and questionable address procedures taken during elections.

Testimony on this bill was received from the Office of the Lieutenant Governor and the Association of Clerks and Election Officers.

The current law is vague as to the length of time an appeal must be brought by an applicant who is declared ineligible to vote.

This bill would enable voter applicants to restore their names onto the register, should their names have been mistakenly removed, or, if the applicant is denied the opportunity to vote, specifies the parameters of the applicable appeals process. The minimization of unnecessary delays when time is of the essence was the stressed issue during the drafting of these sections.

Your Committee is committed to the increase of public participation in the political life of our state and believes that the strength of our democratic form of government depends on the fullest voter participation possible.

Your Committee has amended this bill by deleting section 2, which language is contained in another bill, and changing section numbers 3 to 8, inclusive, to read section numbers 2 to 7, inclusive, respectively.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2951, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2951, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1189-90 Judiciary on S.B. No. 3019

The purpose of this bill is to sunset the Hawaii Criminal Justice Commission to provide for the more efficient management and delivery of crime prevention, research and other criminal justice related programs of the Department of the Attorney General, and reinstate language regarding the appointment and enforcement powers of executive security officers.

Your Committee recognizes that in the past, the Hawaii Criminal Justice Crime Commission served an important function by providing a forum for citizen and community input into governmental activities regarding crime prevention and reduction. This Commission could initiate, develop, and implement programs, projects, and activities on the subject of crime prevention and education, and conduct research into matters directed by the Attorney General. The Commission's limitation was that it could not initiate research projects without the Attorney General's consent. The Commission's function and existence now appears to be superfluous.

Your Committee remembers that the Department of the Attorney General is empowered, under Act 332, to establish the necessary task forces and to organize specific studies to examine the subjects and problems that were once the province of the Criminal Justice Crime Commission. Your Committee therefore realizes that the duplication of powers between the two bodies would be a waste of resources.

Your Committee believes that the sunset of the Hawaii Criminal Justice Commission will allow the Attorney General to continue to provide direction to the function the Hawaii Criminal Justice Commission should be performing. The elimination of the Commission will also enable the department to recognize its staff and resources for a more efficient management and coordination of crime prevention, education and criminal justice related programs, such as those administered by two other Attorney General divisions, the Hawaii Criminal Justice Data Center and the Resource Coordination Division.

Your Committee realizes that there are currently no Commission members as all appointments to the Commission expired on June 30, 1989. There will, consequently, be no commissioners affected by the sunset of the Commission.

In regards to Section 2 of this bill, your Committee is aware that there was an inadvertent omission from Act 211, Session Laws of Hawaii 1989, of statutory authority for the executive security personnel who were not transferred to the Department of Public Safety created by that Act. Currently, there are fourteen state law enforcement officers, whose positions are authorized by statute in Section 28-11.5, Hawaii Revised Statutes, and who are assigned to perform security functions for the governor and lieutenant governor. While the executive security function performed by these officers was retained by the Attorney General under Act 235, the Act repealed Section 28-11-5, Hawaii Revised Statutes, because all other state law enforcement officers were transferred to the new Department of Public Safety which has its own statutory authority.

Your Committee concludes that as a result, while the function was retained, there will exist as of July 1, 1990, no statutory authority by which the executive security personnel will be able to perform their functions.

Your Committee has amended this bill to include language regarding the appointment and enforcement powers of executive security officers.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3019, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3019, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1190-90 Judiciary on S.B. No. 3017

The purpose of this bill is to clarify the authority of the Attorney General on matters relating to civil identification. This bill authorizes the Attorney General to require applicants for civil identification certificates to furnish original or certified

copies of documents to establish their identities and to permit the Attorney General to establish by rule what documents will be required to support or corroborate civil identification applications. This bill also confers discretionary authority to the Attorney General to dispose of any civil identification information or record maintained pursuant to part II of Chapter 846, Hawaii Revised Statutes, when retention is no longer required.

Testimony in favor of this bill was received from the Department of the Attorney General.

Your Committee understands that, presently, Chapter 846, Hawaii Revised Statutes, requires the Attorney General to preserve a written record of applicants for civil identification and does not provide for the disposal of such records when they are no longer needed. This has resulted in the accumulation of thousands of records which have no useful purpose.

Your Committee believes that it is impractical for the Attorney General to maintain a certain amount of these records and, therefore, it is necessary to confer discretionary authority to the Attorney General to dispose of civil identification records when retention is no longer required.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3017 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1191-90 Judiciary on S.B. No. 2277

The purpose of this bill is to require all persons sentenced to perform community service to be screened and assessed for appropriate placement by a governmental agency coordinating public service work placement as a condition of sentencing. This bill also clarifies existing law by stating that the convicted person shall not be deemed to be an employee of the governmental agency or assigned work site.

Your Committee received testimony in support of this bill from the Judiciary and the Department of Corrections. Your Committee finds that this bill is intended to reduce instances of inappropriate placements which may jeopardize the safety of the agency, the public, or the offender.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2277, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1192-90 Judiciary on S.B. No. 2283

The purpose of this bill is to require the presence of only the subject of an adoption whose consent is required, unless expressly excused by the court.

Your Committee received testimony in support of this bill from the Family Court of the First Circuit.

Your Committee finds that the present wording of the statute no longer meets today's requirements and concerns.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2283 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1193-90 Judiciary on S.B. No. 2875

The purpose of this bill is to require that all presentencing reports submitted to the court include information concerning the physical, psychological, or financial effect that the crime committed by the defendant has had upon the victim.

Testimony in favor of the bill was received from the Department of the Attorney General, the Judiciary, the Prosecuting Attorney of the City and County of Honolulu, and the Sex Abuse Treatment Center.

Your Committee believes that sentencing decisions which are based solely on the circumstances of the defendant's prior history and on an abstract view of the offense are decisions made in a vacuum. Your Committee is convinced that the sentencing judge should, therefore, be informed of the impact which the offense has had on the victim as a representative of the entire community because criminal proceedings are brought on behalf of and intended to protect everyone.

Your Committee has amended this bill by making a technical nonsubstantive change for the purposes of clarity and style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2875, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2875, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.