

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. 1 on H.B. No. 4142

The purpose of this bill is to propose an amendment to the State Constitution to allow the use of revenue bonds to finance the Hawaii Hurricane Relief Fund (HHRF).

Act 339, Session Laws of Hawaii 1993, created the HHRF to provide property owners with hurricane insurance coverage. The act also authorized the issuance of up to \$200,000,000 in revenue bonds to fund the program.

Article VII, Section 12, of the State Constitution authorizes the Legislature to issue revenue bonds, and designates the type of undertaking that may be financed with revenue bonds. Currently, the Constitution permits the use of revenue bonds to finance "a public undertaking, improvement, system or loan program".

Your Committee finds that it is necessary to clarify the State Constitution to establish that the issuance of revenue bonds to provide loans to the HHRF for financing purposes is authorized as the issuance of revenue bonds for a public loan program. Accordingly, your Committee has amended the bill by:

- (1) Amending the purpose clause of the bill;
- (2) Amending the definition of "net revenues" or "net user tax receipts" to include revenues or receipts derived from any payments or return on security under a loan program, after deductions have been made for operational and administrative costs, and payment of principal and interest on revenue bonds issued;
- (3) Amending the definition of "rates, rentals and charges" to establish that insurance premium payments, assessments, and surcharges shall constitute rates, rentals, and charges of a state property insurance program;
- (4) Amending the definition of "revenue bonds" to include all bonds payable from the revenues or user taxes of a loan program to provide loans to a state property insurance program providing hurricane insurance coverage to the general public;
- (5) Conforming the definition of "user tax" to provide that mortgage recording taxes shall constitute user taxes of a state property insurance program;
- (6) Amending the ballot question that proposes this constitutional amendment;
- (7) Making technical, nonsubstantive changes for purposes of style, clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 4142, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 4142, S.D. 1, C.D. 1.

Representatives Menor, Tom, Say, Cachola, Kawakami, White, Yoshinaga and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Holt, Iwase and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 2 on H.B. No. 2897

The purpose of this bill is to:

- (1) Require the Department of Education to submit annual expenditure reports by location and function as part of its annual educational status report; and
- (2) Provide for the certification of dental health for school-aged children entering public and private schools for the first time.

Your Committee believes that the detailed educational status report proposed in Section 1 of this bill is important to the oversight responsibilities of the Legislature regarding the Department of Education's budget. The report will provide needed information without unduly burdening the Department.

Your Committee has agreed that school-aged children shall have a dental examination prior to school entry and that any necessary treatment shall be completed within one year. Some concern was expressed as to the consequences a child would face if these requirements were not met. Your Committee notes that Section 2, subsection (c) of this bill addresses this issue and that children will not be excluded if the requirement is not met.

Your Committee upon further consideration has made the following amendments to the bill:

- (1) Required any needed dental treatment to be completed within one year;
- (2) Deleted the reference to H.B. 3252, because that bill is no longer under consideration by the Legislature; and
- (3) Made technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2897, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2897, H.D. 2, S.D. 2, C.D. 1.

Representatives Pepper, Stegmaier, Kawakami, Takai and Halford,
Managers on the part of House.

Senators Chumbley, Levin, Kawamoto and Matsunaga,
Managers on the part of the Senate.

Conf. Com. Rep. 3 on H.B. No. 2433

The purpose of this bill is to increase the efficiency of the motor carrier law by extending the repeal date of Act 105, Session Laws of Hawaii 1995, from June 8, 1996, to June 8, 1998.

Your Committee on Conference finds that by extending the repeal date for an additional two more years will give this motor carrier enforcement program an opportunity to be fully implemented.

Your Committee on Conference has amended the bill to ensure that on June 8, 1998, only the language relating to the expansion of the definition of "enforcement officer" to include motor vehicle safety officers will be repealed in Sections 269-1, 271-4, 271-27(g) and (j), Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2433, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2433, H.D. 2, S.D. 2, C.D. 1.

Representatives Hiraki, Tom, Yoshinaga, Case and Ward,
Managers on the part of the House.

Senators Fukunaga, Matsuura and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 4 on H.B. No. 2358

The purpose of this bill is to prohibit an exemption from the Department of Transportation's (DOT) driver qualification rules for individuals driving a bus as defined in section 286-2, Hawaii Revised Statutes.

Your Committee on Conference finds that operators of buses designed to transport more than ten passengers should be required to obtain the required school vehicle driver qualifications.

Your Committee on Conference has amended this bill by requiring individuals who drive buses to meet school vehicle driver qualifications rather than school bus driver qualifications.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2358, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2358, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Isbell, Ito, Nakasone and Ward,
Managers on the part of the House.

Senators Fernandes Salling, Tanaka, Taniguchi and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 5 on H.B. No. 2549

The purpose of this bill is to ensure that the State Planning Council on Developmental Disabilities operates independently as required by federal law.

Your Committee has amended this bill by making a technical, nonsubstantive amendment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2549, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2549, H.D. 2, S.D. 2, C.D. 1.

Representatives Pepper, Yoshinaga, Kawakami, Ito and Ward,
Managers on the part of the House.

Senators Ikeda, Levin, Baker, Fukunaga and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 6 on H.B. No. 3853

The purpose of this bill is to allow the Director of Finance to issue special purpose revenue bonds that are subject to federal income taxes with respect to:

- (1) Assisting not-for-profit corporations that provide health care facilities to the general public;

- (2) Assisting manufacturing enterprises; and
- (3) Assisting utilities serving the general public in providing electric energy or gas.

Your Committee has amended this measure by also allowing the Director of Finance to issue special purpose revenue bonds that are subject to federal income taxes with respect to:

- (1) Assisting processing enterprises; and
- (2) Assisting industrial enterprises.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3853, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3853, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Jones, Kawakami, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Fukunaga, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 7 on H.B. No. 3211

The purpose of this bill is to:

- (1) Prohibit state agencies from levying impact fees on projects without first developing a schedule of impact fees that will be levied on all projects in a fair and equitable manner; and
- (2) Require counties to enact appropriate impact fee ordinances and adopt rules to effectuate the imposition and collection of the fees prior to assessing impact fees.

Your Committee has agreed to amend this bill to its previous form as passed out of the House Committee on Finance. Accordingly, this bill has been amended by:

- (1) Deleting the section that prohibits state agencies from levying impact fees without first developing a fair and equitable schedule of impact fees;
- (2) Deleting the accompanying definitions for the aforementioned section; and
- (3) Deleting the section allowing counties and state agencies to adopt and administer temporary rules establishing impact fees.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3211, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3211, H.D. 1, S.D. 2, C.D. 1.

Representatives Takumi, Say, Nakasone, Ito and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Kawamoto, Taniguchi and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 8 on H.B. No. 3419

The purpose of this bill is to:

- (1) Allow applicants from other states to acquire a license to practice medicine in Hawaii by passing the Special Purpose Examination (SPEX) and meeting certain other educational and professional requirements; and
- (2) Provide that applicants are eligible to take a national medical examination no sooner than the first year of residency or no sooner than the second year of residency if a graduate of a foreign medical school.

Your Committee has amended this bill by:

- (1) Deleting the eligibility requirements for national medical examinations; and
- (2) Making technical, nonsubstantive revisions for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3419, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3419, H.D. 1, S.D. 1, C.D. 1.

Representatives Pepper, Menor, Cachola, Hamakawa and Anderson,
Managers on the part of the House.

Senators Holt, Ihara and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 9 on H.B. No. 3086

The purpose of this bill is to enable motor vehicle rental companies to offer an additional refueling option to their customers.

Currently, motor vehicle rental companies (lessors) provide, by statute, a single refueling option in which the lessee is to return the vehicle with the same amount of fuel as when the vehicle is delivered. If the lessee returns the vehicle with less fuel, the lessee is charged the prevailing market price, plus a surcharge of up to one-half of the market price.

This bill permits the lessors to provide an additional refueling option, while prohibiting the lessor from paying a commission to its employees for selling any fuel charge options. This additional option provides for the lessee to purchase a full tank of fuel at the time of taking delivery of the vehicle (pre-purchase the fuel) at the prevailing retail market price. With this option, the lessee has the convenience of returning the vehicle with any amount of fuel remaining. The lessee does not need to refuel the vehicle before returning it to the lessor and will not be charged for any additional refueling.

Additionally, if the lessee drives less than one hundred miles, and the lessee has returned the vehicle with less than a full tank of fuel, the lessee's pre-purchase refueling charges will be canceled, and the lessee will instead be charged a refueling fee at the market price plus the allowable surcharge. In other words, if the vehicle is not driven far, the lessee will have returned the vehicle with a significant amount of the pre-purchased fuel remaining. Therefore, the lessor will cancel the pre-purchase option and only charge for the fuel needed to refuel the vehicle, plus the surcharge. Although the refueling charges will be more expensive than if the lessee had refueled the vehicle, the total cost will be less than that of a pre-purchased full tank of fuel.

The pre-purchase refueling option is designed to be a convenience factor for those lessees desiring to avoid having to refuel the vehicle themselves or incur the lessor's higher refueling fee. Generally, this option is utilized by lessees while on business, where a time schedule may preclude the opportunity to stop at a gas station before returning the vehicle. This option is widely offered by the major lessors on the mainland, and many business travellers are surprised that this option is not available in Hawaii.

This option would be in addition to the current permissible refueling charges.

Your Committee has amended the bill by changing the effective date to upon its approval.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3086, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3086, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Case, Garcia, Hiraki and Meyer,
Managers on the part of the House.

Senators Holt, Ihara and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 10 on H.B. No. 3398

The purpose of this bill is to reduce costs and improve the efficiency of the Business Registration Division of the Department of Commerce and Consumer Affairs (DCCA) by eliminating the requirement that the Director of Commerce and Consumer Affairs (Director) annually publish a list of all charitable organizations, professional fund-raising counsel, and professional solicitors that have filed statements with DCCA.

Additionally, the bill:

- (1) Deletes the provision that allows the Director to:
 - (A) Accept information filed by charitable organizations, professional fund-raising counsel, and professional solicitors with the appropriate authority of another state in lieu of the information required to be filed by State law; and
 - (B) Grant exemptions from the requirement of filing annual statements to charitable organizations organized under the laws of another state; and
- (2) Amends to an unspecified amount, the maximum amount that charitable organizations may receive in gross receipts and still be exempt from the filing requirements.

Since much of the information that charitable organizations are required to file with the State may be obtained from tax forms that are already filed by the charitable organizations with the Internal Revenue Service, the state filing requirements are not necessary. Repealing this filing requirement would substantially reduce costs for both the Division and charitable organizations.

Accordingly, your Committee has amended the bill to repeal sections 467B-2 and 467B-11, Hawaii Revised Statutes, that set forth the filing requirements for charitable organizations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3398, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3398, S.D. 1, C.D. 1.

Representatives Menor, Case, Garcia, Yoshinaga and Thielen,
Managers on the part of the House.

Senators Holt, Ige, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 11 on H.B. No. 3400

The purpose of this bill is to amend the Hawaii Business Corporation Act, chapter 415, Hawaii Revised Statutes (HRS), to provide for simplified, streamlined procedures for filing certain documents with the Business Registration Division (Division) of the Department of Commerce and Consumer Affairs, and to make certain technical, housekeeping amendments to chapters 415, 415B, and 425, HRS.

Your Committee on Conference has amended the bill by:

- (1) Adding a new section to chapter 415, HRS, that sets forth the requirements for amended and restated articles of incorporation for a domestic corporation. Under these provisions, the amended and restated articles of incorporation may be combined and filed together, rather than separately as articles of amendment and restated articles of incorporation;
- (2) Amending section 415-48.5, HRS, to allow for the inclusion of indemnification provisions in the articles of incorporation filed with the division. Current law requires that indemnification provisions be filed as an amendment to the initial filing. Other amendments contained in the bill make housekeeping changes to existing statutes; and
- (3) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3400, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3400, S.D. 1, C.D. 1.

Representatives Menor, Hiraki, Swain, Yoshinaga and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 12 on H.B. No. 3409

The purposes of this bill are to:

- (1) Establish restrictions on the type of nonprofit organizations that may provide services under contract with the Office of Consumer Protection (OCP);
- (2) Clarify the amounts a financial institution is entitled to receive as reimbursement for subpoena-related expenses;
- (3) Authorize undercover investigations by OCP employees; and
- (4) Repeal the consumer advisory council.

Upon careful consideration, your Committee on Conference has amended the bill to provide that OCP may contract with nonprofit social service societies and private nonprofit trade, professional and business organizations for the performance of certain OCP functions. Additionally, technical, nonsubstantive amendments have been made to the bill for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3409, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3409, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Tom, Herkes, White and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 13 on H.B. No. 291

The purpose of this bill is to authorize the University of Hawaii Board of Regents (Board) to appoint an ex-officio student member as a representative to each of its standing committees.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Clarifying that the Board may appoint the same student member to each of its standing committees or may appoint more than one student member to any one standing committee; and

- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 291, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 291, S.D. 1, C.D. 1.

Representatives Lee, Takai, Tarnas and Halford,
Managers on the part of the House.

Senators Ige, McCartney and Taniguchi.
Managers on the part of the Senate.

Conf. Com. Rep. 14 on H.B. No. 3618

The purpose of this bill is to provide legislative oversight over administrative agency rules by the Joint Legislative Management Committee.

Your Committee has amended this bill by:

- (1) Deleting the size requirement that a group must have in order to file an application for review of an administrative agency rule with the co-chairs of the Joint Legislative Management Committee; and
- (2) Making technical, nonsubstantive revisions for purposes of style and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3618, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3618, H.D. 2, S.D. 1, C.D. 1.

Representatives Kanoho, Tom, Say, P. Oshiro and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Kawamoto, Solomon and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 15 on H.B. No. 4074

The purpose of this bill is to provide the State with additional agricultural lands by directing the Board of Land and Natural Resources (BLNR) to enter into land exchange negotiations with the Galbraith Estate to exchange public lands for private lands in Central Oahu. The bill also requires that the BLNR report back to the Legislature on the lands that are to be conveyed and specific details regarding the lands.

Act 177, Session Laws of Hawaii 1994, approved a land exchange involving Galbraith Estate lands and public lands in Kapolei, Oahu. This law was automatically repealed on June 30, 1995. During the 1995 session, the Legislature passed S.B. No. 1650 which would have extended the repeal date in Act 177 to June 30, 1996. However, the Governor vetoed S.B. No. 1650 in large part due to liability concerns. Specifically, some of the Galbraith lands had been included as part of the Del Monte Superfund Site under the Comprehensive Environmental Response, Compensation and Liability Act. However, according to the Hawaiian Trust Company, the contaminated land is located near the Kunia well on lands not owned by the Galbraith Trust. The Kunia well site, which is the focus of the Environmental Protection Agency (EPA) investigation is located five miles from the nearest Galbraith parcel.

Your Committee on Conference has made the following amendments:

- (1) Deleted the reference to chapter 171-50(c), Hawaii Revised Statutes, in Section 3 of the bill pertaining to legislative pre-approval of a land exchange;
- (2) Inserted a requirement for the Department of Health (DOH) to submit with the BLNR report, an update on EPA and DOH efforts to remove the Galbraith lands from the National Priorities List; and
- (3) Made technical, nonsubstantive changes for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 4074, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 4074, H.D. 1, S.D. 1, C.D. 1.

Representatives M. Oshiro, Say, Garcia, Suzuki and Ward,
Managers on the part of the House.

Senators Ikeda, Iwase, Bunda, Holt and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 16 on H.B. No. 3417

The purposes of this bill are to:

- (1) Eliminate the licensing of motor vehicle auctioneers, manufacturers, factory branches, factory representatives, distributors, distributor branches, and distributor representatives; and

- (2) Allow preliminary approval of dealer applications by the executive officer of the Motor Vehicle Industry Licensing Board (Board), subject to ratification by the Board.

The elimination of licensing of certain motor vehicle industry categories is in line with most of the recommendations of the Office of the Legislative Auditor in its 1995 sunset review of the Board. Additionally, federal regulation of manufacturers, distributors, and their respective branches and representatives is more than adequate to protect consumers.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3417, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3417, S.D. 1, C.D. 1.

Representatives Menor, Garcia, Hamakawa, Yoshinaga and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 17 on H.B. No. 2359

The purpose of this bill is to create a more equitable distribution of representation on the Hawaii Property Insurance Associations's (HPIA) Board of Directors (Board) and thereby ensure that all affected parties have a sufficient voice and vote in handling property insurance matters.

Under existing law, the Board is composed of twelve members: nine voting members selected by HPIA member insurers, one voting member appointed by the Insurance Commissioner to represent insurance agents, and two voting members appointed by the Insurance Commissioner to represent the general public.

This bill would restructure the Board's membership by increasing the number of members who represent the public, and decreasing the number of members who are selected by the member insurers. This restructuring of the Board would further promote openness and fairness in the organization, management, policies, and activities of the HPIA that ultimately will benefit the consumers.

Your Committee has amended this bill by providing for the board to be composed of the following: eight voting members selected by HPIA member insurers, one voting member appointed by the Insurance Commissioner to represent insurance agents, and three voting members appointed by the Insurance Commissioner to represent the general public. Additionally, your Committee has amended this bill to make the effective date upon the Act's approval.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2359, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2359, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Herkes, Swain and Meyer,
Managers on the part of the House.

Senators Holt, Levin and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 18 on H.B. No. 3862

The purpose of this bill is to allow principals to exclude students for possession of intoxicating liquor or illicit drugs while attending school for a period up to one year, with the approval of the superintendent, and to exclude students found to be in possession of dangerous instruments which may be used or are known to be capable of causing death or serious bodily injury from attending school for not less than one year.

Your Committee on Conference has amended this bill by:

- (1) Referring to dangerous weapons rather than dangerous instruments to avoid ambiguity as to when an object is considered offensive;
- (2) Moving the possession of dangerous weapons, switchblade knives, and illicit drugs into the zero tolerance policy section instead of in the firearms section under Section 298-11(b), Hawaii Revised Statutes (HRS), which requires at least a one year exclusion of the student;
- (3) Defining dangerous weapons, switchblade knives, and illicit drugs;
- (4) Changing the maximum period of exclusion under the zero tolerance policy from one year to 92 school days, which is the approximate length of one semester;
- (5) Deleting references to H.B. 3252 since it was superseded by S.B. 2446;
- (6) Deleting references to the repeal of Section 298-11, HRS, since this bill does not repeal that section; and
- (7) Making technical, nonsubstantive amendments for purposes of consistency and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3862, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3862, H.D. 2, S.D. 1, C.D. 1.

Representatives Stegmaier, Tom, Takai, White and Halford,
Managers on the part of the House.

Senators Chumbley, Gaulty and Kawamoto,
Managers on the part of the Senate.

Conf. Com. Rep. 19 on H.B. No. 871

The purpose of this bill as received is to empower the counties to regulate time share associations and units and to repeal chapter 514E, Hawaii Revised Statutes, relating to time sharing plans. This would provide the counties with an additional method of generating fee revenues that are uninterrupted by state intervention.

Your Committee has amended this measure by deleting its substance and inserting therefor provisions that would permit time share associations to levy assessments which shall be a lien on the owner's time share interest. This would enable the time share associations to collect unpaid assessments from a delinquent time share owner through a foreclosure by sale.

Currently, a time share plan document may permit enforcement of an unpaid assessment lien through foreclosure by power of sale. However, after the sale, a title insurance underwriter may be unwilling to insure the title to the time share interval because the power of sale has no statutory authority. The association is then burdened with a time share interest that is difficult to sell.

This bill would first establish that the assessments by time share associations are liens on the time share interests of delinquent owners. This bill would then provide the associations with the authority to collect on unpaid assessment liens by utilizing foreclosure under power of sale. The statutory provision of foreclosure under power of sale would preclude the current problem of title insurance underwriters unwilling to insure titles to time share intervals, and thus would enable the associations to utilize a cost effective foreclosure by sale.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 871, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 871, S.D. 1, C.D. 1.

Representatives Menor, Takumi, Suzuki, Yoshinaga and Thielen,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 20 on H.B. No. 3102

The purpose of this bill is to:

- (1) Establish a presumption that an owner or lessee has violated the exemption provisions of the contractor licensing law if that person obtains an exemption from the contractor's licensing requirements more than once in a two-year period, and to provide penalties therefor;
- (2) Require that an applicant for an owner-builder exemption understand an owner-builder's legal responsibilities prior to approval of the exemption;
- (3) Establish penalties for unlicensed contracting activity undertaken to repair damage caused by natural disasters or in cases involving elderly consumers;
- (4) Require the Regulated Industries Complaints Office to report criminal violations of chapter 444, Hawaii Revised Statutes, to the county prosecutor or state attorney general; and
- (5) Increase the number of years a bidder on a State public works contract must be current on the bidder's state tax obligations from two to four successive years to qualify for bidding preference and increase the ceiling on the bidding preference amount from five to fifteen per cent of the bid amount.

Imposing restrictions on the use of the owner-builder exemption will help to curb abuse of the exemption by persons attempting to circumvent the licensing requirements for contractors. Additionally, establishing penalties for licensing violations involving the elderly and victims of natural disasters will help to protect some of the state's most vulnerable individuals.

Upon careful consideration, your Committee on Conference has amended the bill by:

- (1) Deleting the provisions relating to the bidding preference for public works projects;
- (2) Deleting the savings clause provision; and
- (3) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3102, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3102, H.D. 1, S.D. 2, C.D. 1.

Representatives Menor, Tom, Swain, White and Meyer,
Managers on the part of the House.

Senators Ikeda, Holt, Iwase, Kawamoto and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 21 on H.B. No. 3760

The purpose of this bill is to enhance the state's attractiveness as a captive insurance domicile by:

- (1) Expanding the definition of "affiliated company" to allow pure captive insurance companies to insure the risks of a parent company's affiliates; and
- (2) Providing for the confidentiality of the Insurance Commissioner's examination reports on pure captive insurance companies, except when it is in the public interest to open the records of a financially distressed company.

Your Committee on Conference has amended the bill by:

- (1) Providing that the Act shall become effective upon approval; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3760, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3760, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Case, Garcia, Yoshinaga and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 22 on H.B. No. 3434

The purpose of this bill is to allow schools to charge fees for intercession programs by setting forth the distinction between "summer school" and year-round education "intercession" programs.

Upon careful consideration, your Committee has amended this measure by:

- (1) Deleting all references to H.B. No. 3252; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3434, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3434, H.D. 2, S.D. 2, C.D. 1.

Representatives Stegmaier, Kawakami, Kahikina and Ward,
Managers on the part of the House.

Senators Ikeda, Chumbley, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 23 on H.B. No. 3096

The purpose of this bill is to clarify the law relating to return of merchandise by replacing the existing refunds and exchanges statute with a new section that addresses the return of merchandise issue as it relates to current industry practices.

Your Committee on Conference finds that problems relating to merchandise refunds and exchanges constitute one of the largest areas of complaints received by the Office of Consumer Protection. While the existing law provides many good provisions, the law is ambiguous and does not adequately cover certain areas relating to refunds and exchanges.

After careful consideration, your Committee on Conference has amended the bill by among other things:

- (1) Specifying that ancillary charges includes all charges paid to the merchant that are necessary for the use of the goods for its purchased purpose;
- (2) Requiring that a conspicuous sign stating the merchant's refund policy be posted;
- (3) Specifying that when determining the full amount of a refund, exchange, or merchandise credit, merchants may not make a deduction for ancillary charges;

- (4) Clarifying that when determining the full amount of a refund, exchange, or merchandise credit for returns for reasons other than defective goods, merchants may make a deduction for repacking, pickup, and transportation charges;
- (5) Including a provision regarding the return of custom or specially ordered goods;
- (6) Specifying that merchants are not required to accept a return if the purchaser has retained the goods in excess of forty-five days;
- (7) Removing the mutual agreement provision;
- (8) Changing the effective date to July 1, 1996; and
- (9) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee on Conference believes that as amended, the bill will:

- (1) Ensure adequate protection of consumers' interests; and
- (2) Help merchants and consumers better understand the law and resolve disputes among themselves;

thereby representing the best balance between the interests of merchants and consumers.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3096, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3096, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Tom, Garcia, Swain, Yoshinaga and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 24 on H.B. No. 3809

The purpose of this bill is to reduce the illegal sale of tobacco products to minors by improving the signage requirements for the sale of tobacco products in retail establishments.

Specifically, this bill does the following:

- (1) Decreases the height and capitalization requirements of the letters in the signs that state, "The sale of tobacco products to persons under eighteen is prohibited"; and
- (2) Requires that the signs also be posted at or near the point of sale where tobacco products are sold.

Currently, the signs displaying the statement required by law must be in capital letters that are one inch in height. This translates into signs that are often times too large to be posted in locations close to the point of sale.

However, by reducing the height requirement of the letters to one-half inch, and no longer requiring that all letters be capitalized, the signs can more easily be posted at the point of sale. Therefore, a deterrence to the illegal sales of tobacco products to minors will be further enhanced.

Your Committee has amended this bill by deleting the effective date of January 1, 3001, and adopting an effective date that shall take effect upon its approval. Additionally, your Committee has amended this bill by making nonsubstantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3809, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3809, H.D. 1, S.D. 2, C.D. 1.

Representatives Menor, Garcia, Hamakawa, Yoshinaga and Thielen,
Managers on the part of the House.

Senators Holt, Ihara and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 25 on H.B. No. 599

The purpose of this bill is to clarify and revise provisions of the administrative revocation of driver's license law by:

- (1) Clarifying an apparent conflict between two sections in the administrative driver's license revocation statute regarding extension of a temporary driving permit for good cause;
- (2) Specifying legislative intent that the district court is precluded from remanding upon judicial review to the administrative driver's license revocation office for further hearings; and

- (3) Excluding Saturday from the computation of the time period in which any act in this part is to be done.

Your Committee on Conference has amended this bill by:

- (1) Extending to six days the period the arrestee has to request the director to schedule an administrative hearing to review the administrative revocation; and
- (2) Permitting the issuance of a conditional driving permit under certain conditions if the arrestee has had no prior alcohol enforcement contacts during the preceding five years.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 599, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 599, S.D. 1, C.D. 1.

Representatives Tom, Herkes, White and Kawananaoka,
Managers on the part of the House.

Senators Grauly, Fernandes Salling, Chumbley, Matsunaga and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 26 on H.B. No. 1866

The purpose of this bill is to specify those instances and occasions in which members of a board may discuss certain board matters or conduct an emergency public meeting in a manner that does not undermine the essence of open government.

Your Committee on Conference has amended this bill to include provisions that:

- (1) Allow two or more members of a board to discuss the selection of the board's officers in private without limitation or subsequent reporting provided that the discussion is held with fewer than quorum being present;
- (2) Allow discussions between the Governor and one or more members of the board rather than two or more members of the board;
- (3) Add that those to be notified in the emergency meeting situation include those who requested notification "on a regular basis";
- (4) Amend the definition of "unanticipated event" by listing those events which are applicable and deleting specific examples of such events;
- (5) Have the Attorney General submit a report in 1997 only, instead of in 1997 and 1998; and
- (6) Make technical, nonsubstantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1866, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1866, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Cachola, Herkes, White and Kawananaoka,
Managers on the part of the House.

Senators Grauly, Matsunaga, Matsuura, McCartney and Tam,
Managers on the part of the Senate.

Conf. Com. Rep. 27 on H.B. No. 2603

The purpose of this bill is to clarify the qualifications of prospective jurors and ensure that a prospective juror may not be automatically excluded from jury service based solely upon a hearing, vision, or physical impairment.

Your Committee finds that the intent of this measure is to ensure that a juror's communication ability is at the level necessary to perform the duties of a juror and fairly hear and understand the proceedings.

Your Committee has amended the bill by:

- (1) Deleting the provision which states that a prospective juror may not be automatically excluded from jury service based solely upon a hearing, vision, or physical impairment; and
- (2) Making a technical, nonsubstantive amendment to correct a drafting error.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2603, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2603, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Hamakawa, White and Yamane,
Managers on the part of the House.

Senators Gaulty, Chumbley, Matsunaga, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 28 on H.B. No. 2868

The purpose of this bill is to:

- (1) Reduce the maximum prison term from one year to thirty days for first and second convictions for the motor vehicle licensing provisions covered by the penalty section in section 286-136, Hawaii Revised Statutes (HRS), while retaining a maximum term of imprisonment of one year for a third conviction within a five-year period;
- (2) Eliminate the graduated penalty schedule for first, second, and third convictions for various traffic offenses contained in chapter 291C, HRS; and
- (3) Make technical, nonsubstantive revisions to section 286-131, HRS.

Your Committee on Conference has amended this bill by retaining the graduated penalty schedule for first, second, and third convictions contained in section 291C-161, HRS, but has increased the maximum fine permitted for the first and second convictions from \$100 to \$200 and \$200 to \$300, respectively.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2868, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2868, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Herkes, Swain, White and Kawanakoa,
Managers on the part of the House.

Senators Gaulty, Matsunaga, McCartney, Tam and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 29 on H.B. No. 2975

The purpose of this bill, as received, is:

- (1) To make all class A felony offenses nonprobationable; and
- (2) To provide for mandatory minimum terms of imprisonment for offenses involving methamphetamines.

Your Committee on Conference has amended this bill by:

- (1) Deleting the section of the bill that makes Class A felony drug offenses nonprobationable; and
- (2) By adding the words "or any of its salts, isomers, and salts of isomers" when referring to methamphetamines to track the description of the drug more accurately.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2975, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2975, S.D. 1, C.D. 1.

Representatives Tom, Herkes, Saiki, White and Thielen,
Managers on the part of the House.

Senators Gaulty, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 30 on H.B. No. 3046

The purpose of this bill is to:

- (1) Add Unauthorized Control of a Propelled Vehicle to those offenses subject to sentencing of repeat offenders;
- (2) Prevent those convicted multiple times of drug and property offenses from receiving lesser mandatory minimum terms of imprisonment;
- (3) Prohibit the parole of repeat offenders until the expiration of the mandatory minimum term of imprisonment;
- (4) Delete the element of trespass from the offense of Sexual Assault in the Fourth Degree; and
- (5) Create a new offense of Unauthorized Entry into a Motor Vehicle.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provision that prohibits persons convicted multiple times of drug and property offenses from receiving lesser mandatory minimum terms of imprisonment under the mitigation section of the repeat offender statute;

- (2) Deleting the section that eliminated the element of trespass from the offense of Sexual Assault in the Fourth Degree; and
- (3) Adding a new offense of Interference with the Operator of a Public Transit Vehicle because of the heightened danger to the public involved when such drivers are assaulted or terrorized.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3046, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3046, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Herkes, Saiki, White, Yoshinaga and Kawanakoa,
Managers on the part of the House.

Senators Grauly, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 31 on H.B. No. 3350

The purpose of this bill is to allow for a court-approved agreement for the direct payment of child support between parents when federal or state assistance is not involved in supporting the family as an exemption to income withholding requirements to ensure support payments.

Your Committee on Conference has amended this bill by:

- (1) Clarifying reference to public assistance to include all the relevant federal and state programs;
- (2) Conforming references to the non-custodial parent as the obligor parent, and the subject children as the subject dependents; and
- (3) Deleting the clear and convincing standard of proof and requiring only the burden of proving that child support payments were made by presenting written evidence when the obligor parent alleges direct payment after being notified of the change of payee.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3350, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3350, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Herkes, White, Yoshinaga and Kawanakoa,
Managers on the part of the House.

Senators Grauly, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 32 on H.B. No. 3596

The purpose of this bill is to change the method by which the chief election officer or the county clerk determines the winner in an election tie between candidates. Under the bill, if two or more candidates receive the same number of votes, the candidate who captures the most precincts is declared the winner. If two or more candidates capture an equal number of precincts, the candidate who receives the most votes in the precinct with the highest voter turnout is declared the winner.

Your Committee on Conference has amended this bill by:

- (1) Retaining the current election rate point system to determine the winner in an election tie but basing the method by which election rate points are calculated on voter turnout rather than on the number of registered voters; and
- (2) Adding a definition for "voter turnout".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3596, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3596, S.D. 1, C.D. 1.

Representatives Tom, Cachola, Hamakawa, White and Kawanakoa,
Managers on the part of the House.

Senators Grauly, Matsunaga, McCartney, Tam and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 33 on H.B. No. 3631

The purpose of this bill is to:

- (1) Allow the court to place the names of individuals who willfully or without reasonable excuse fail to appear when summoned for jury service into the qualified jury wheel for further service in the following year, rather than allowing the term of service to expire;

- (2) Authorize the court to extend a juror's eligibility of service for the period of time between the first summons and the next summons for service, where a request for deferment is granted and the juror is not called for service in that year; and
- (3) Increase the current one-day or one-trial jury duty requirement to a two-day or one-trial requirement.

Your Committee on Conference has amended the bill by reinstating the one-day or one-trial jury duty requirement.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3631, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3631, S.D. 1, C.D. 1.

Representatives Tom, Herkes, Swain, White and Kawananaoka,
Managers on the part of the House.

Senators Grauly, Chumbley, Matsunaga, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 34 on H.B. No. 3653

The purpose of this bill is to:

- (1) Clarify the civil definition of "harassment" to include a single act of harassment in addition to a course of conduct of harassment;
- (2) Permit rather than require the court to enjoin further harassment of the petitioner for up to three years for a single incident of harassment, while requiring the court to enjoin further harassment where a course of conduct of harassment is established;
- (3) Prohibit repetitive telephone calls, facsimile, or electronic mail transmissions without purpose of legitimate communication; and
- (4) Delete the requirement that the recipient of various types of repeated communications be caused to reasonably believe that the the person responsible intends to cause bodily injury or property damage; and
- (5) Create a separate offense prohibiting a person from making a communication using offensively course language that would cause the recipient to reasonably believe that the actor intends to cause bodily injury or property damage.

Your Committee on Conference has amended this bill by:

- (1) Deleting the language that would lower the state of mind required to prove harassment as it would blur the distinction between the offense of harassment and that of disorderly conduct and also would unduly broaden the offense; and
- (2) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3653, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3653, S.D. 1, C.D. 1.

Representatives Tom, Saiki, White, Yamane and Kawananaoka,
Managers on the part of the House.

Senators Grauly, Chumbley, Matsunaga, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 35 on H.B. No. 3666

The purpose of this bill is to permit any organization to bring a nuisance abatement suit and provide that the court can order the exclusion of the person causing the nuisance from the premises under certain conditions.

Your Committee on Conference has amended this bill by:

- (1) Allowing the abatement of a nuisance involving the manufacture of drugs as well as the distribution of drugs;
- (2) Making the language more consistent and comprehensive in referring to "buildings" and "premises" in addition to a "place";
- (3) Referring to a "person or persons" where applicable; and
- (4) Making technical, nonsubstantive changes for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3666, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3666, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Saiki, White, Yamane and Kawananaoka,

Managers on the part of the House.

Senators Gaulty, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 36 on H.B. No. 2726

The purpose of this bill is to:

- (1) Allow the Auditor to maintain the confidentiality of the Auditor's working papers;
- (2) Impose requirements on measures submitted for the Auditor's review; and
- (3) Allow the Auditor to employ or retain attorneys.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2726, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2726, H.D. 2, S.D. 2, C.D. 1.

Representatives Kanoho, Tom, Menor, Say and Thielen,
Managers on the part of the House.

Senators Ikeda, Gaulty, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 37 on H.B. No. 3432

The purpose of this bill is to clarify the Department of Education's (DOE) authority to revoke any certificate after its issuance if the certificate holder does not possess the requisite qualifications.

This bill also:

- (1) Allows the DOE to disclose pertinent information about the former certificate holder for the purpose of exchanging information with other national or state teacher certification agencies; and
- (2) Provides that a person who serves as a teacher without an unrevoked certificate and who is not paid under the salary schedule contained in the Unit 5 collective bargaining agreement will be fined not more than \$500.

Upon careful consideration, your Committee has amended this measure by:

- (1) Deleting references to H.B. No. 3252; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3432, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3432, H.D. 1, S.D. 2, C.D. 1.

Representatives Stegmaier, Tom, Kawakami, Kahikina and Anderson,
Managers on the part of the House.

Senators Ikeda, Chumbley, Kanno, Tanaka and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 38 on H.B. No. 3563

The purpose of this bill is to allow the Department of Taxation to charge fees to recover the administrative costs of providing certain services to the public.

Your Committee on Conference has amended the bill by adding an authorization for the Department of Taxation to charge and add a fee for the re-issuance of refund checks to taxpayers, provided that no fee shall be charged if the amount of the refund check is less than the fee.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3563, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3563, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kanoho, Kawakami, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 39 on H.B. No. 1148

The purpose of this bill is to optimize public resources devoted to agriculture by:

- (1) Abolishing the Governor's Agriculture Coordinating Committee (GACC); and
- (2) Transferring GACC's powers, functions, funds, and other personal property to the Agribusiness Development Corporation (Corporation).

This bill also increases the membership of the Board of Agriculture (BOA) from eight to nine members to include the Dean of the University of Hawaii College of Tropical Agriculture and Human Resources.

Your Committee believes that the transfer from GACC to the Corporation should be conducted in a sound, prudent, and efficient manner to ensure that agricultural interests and needs are maintained. Therefore, your Committee has amended this bill by:

- (1) Transferring the GACC's powers, functions, funds, and other personal property to the BOA, and then to the Corporation upon completion and approval of the Hawaii Agribusiness Plan by the Corporation Board;
- (2) Increasing the membership of the BOA from eight to ten members, rather than nine members, to include the Director of Business, Economic Development, and Tourism, as well as the Dean of the College of Tropical Agriculture and Human Resources;
- (3) Making the Dean of the College of Tropical Agriculture and Human Resources an ex officio voting member of the BOA;
- (4) Requiring that with respect to agricultural development, the Department of Business, Economic Development, and Tourism's activities are to be consistent with the policies, programs, and activities of the BOA as well as the Corporation;
- (5) Creating a program ID within the Department of Agriculture for agricultural research, marketing, and promotion;
- (6) Requiring the BOA Chairperson to:
 - (a) Expedite all projects of the GACC, especially emergency actions; and
 - (b) Submit a report to the Legislature prior to the 1997 Regular Session on the transfer;
- (7) Authorizing the BOA to transfer funds between appropriations as it deems necessary;
- (8) Eliminating the statutory provision stating the powers and duties of the GACC in chapter 163D, which relates to the Corporation;
- (9) Repealing the requirement that subjects all contracts, grants, and other monetary awards administered by GACC to BOA review; and
- (10) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1148, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1148, H.D. 2, S.D. 2, C.D. 1.

Representatives Morihara, Say, Kanoho, Swain and Halford,
Managers on the part of the House.

Senators Ikeda, Kanno and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 40 on H.B. No. 4131

The purpose of this bill is to address the State's current depressed financial condition and the anticipated federal and state program restrictions while reforming the present welfare system by creating opportunities and incentives for able-bodied persons to participate in training and work activities.

Specifically, this bill does the following:

- (1) Increase the asset disregard in the calculation of assistance payments to applicants or recipients from \$1,000 to \$5,000 and the value of one motor vehicle;
- (2) Require the Department of Human Services (DHS), in determining the needs of an applicant or recipient for public assistance, to disregard:
 - (A) Twenty percent of the applicant's or recipient's gross earned income, plus \$200; and
 - (B) A percentage of the remaining balance of earned income;

to be consistent with federal law;

- (3) Establish the assistance allowance for exempt households at sixty-two and one-half percent of the standard of need;
- (4) Provide a definition for "exempt household";
- (5) Establish the assistance allowance for non-exempt households at a level somewhere between fifty and sixty-two and one-half percent of the standard of need; and
- (6) Provide the DHS the flexibility to reduce the assistance allowance for non-exempt households for the purpose of providing work incentives or services.

Your Committee has amended this bill by:

- (1) Adding a sunset date of June 30, 1998; and
- (2) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 4131, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 4131, H.D. 3, S.D. 2, C.D. 1.

Representatives Chun Oakland, Tom, Say, Arakaki and Ward,
Managers on the part of the House.

Senators Ikeda, Matsuura, Kanno, Baker, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 41 on H.B. No. 3421

The purpose of this bill is to ensure that the Cable Television Division (Division) of the Department of Commerce and Consumer Affairs has adequate staff to carry out its mandate under the Cable Television Systems law by authorizing the Director of Commerce and Consumer Affairs to appoint technical staff, including attorneys, without regard to the Civil Service Law and the Compensation Law.

Your Committee on Conference finds that because cable communications technology continues to develop and evolve rapidly, additional technical staff is necessary for the Division to carry out its duties properly and effectively. This bill would provide the Division with the necessary additional staff.

Your Committee on Conference has amended the bill by deleting the section relating to the employment of attorneys as your Committee has been informed that the Division was advised by the Department of the Attorney General that this section is not necessary.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3421, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3421, H.D. 2, S.D. 2, C.D. 1.

Representatives Menor, Tom, Kawakami, White and Thielen,
Managers on the part of the House.

Senators Ikeda, Fukunaga, Holt, Ihara, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 42 on H.B. No. 3534

The purpose of this bill is to improve and coordinate commercial harbor enforcement programs by transferring all powers, functions, and duties of the Harbor Patrol Program from the Department of Public Safety to the Department of Transportation.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3534, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3534, H.D. 2, S.D. 2, C.D. 1.

Representatives Santiago, Say, Tom, Tarnas and Anderson,
Managers on the part of the House.

Senators Ikeda, Grauly, Iwase, Holt and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 43 on H.B. No. 3341

The purpose of this bill, as received, is to minimize salary overpayments by authorizing the Governor to convert the payroll payment basis for state employees from the current predicted payroll to after-the-fact payroll over a two-year period.

The bill also requires the Department of Human Resources Development to assist public employees who experience financial hardship as a result of the payroll conversion. The employees are to receive reasonable notice of a payroll lag following the approval of this bill. It is the intent of your Committee on Conference for the payroll lag to commence on January 1, 1997.

Your Committee has amended this measure by:

- (1) Providing that the payroll conversion occur during a one-year, instead of a two-year, period; and
- (2) Making a technical, nonsubstantive revision.

Your Committee wishes to clarify that the payroll lag will take course over the period of one year, and not one month.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3341, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3341, H.D. 2, S.D. 2, C.D. 1.

Representatives Yonamine, Say, Nakasone, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Taniguchi,
Managers on the part of the Senate.

Conf. Com. Rep. 44 on H.B. No. 2514

The purpose of this bill is to transfer the administration of the School-to-Work Transition Program (Program) from the Department of Labor and Industrial Relations to the Department of Education.

Your Committee on Conference is assured by the Departments of Labor and Industrial Relations and Education that the transfer of the Program also requires the transfer of the employees currently working in the Program.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Clarifying that the Program is established within the Department of Education;
- (2) Clarifying that the Program is to provide for the continued delivery of integrated services directed at assisting high school students toward successfully completing their transition from school to work, or to further their training and education; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2514, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2514, H.D. 3, S.D. 2, C.D. 1.

Representatives Stegmaier, Kawakami, Yonamine, Abinsay and Ward,
Managers on the part of the House.

Senators Ikeda, Chumbley, Kanno, Kawamoto and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 45 on H.B. No. 3439

The purpose of this bill is to provide emergency funding for school electricity payments of the Department of Education (DOE).

Upon careful consideration, your Committee has amended this measure by:

- (1) Inserting \$1,284,156 as the amount to be appropriated for school electricity payments of the DOE; and
- (2) Deleting the section declaring the amount and percentage by which the appropriation will exceed the general fund expenditure ceiling.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3439, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3439, H.D. 1, S.D. 1, C.D. 1.

Representatives Stegmaier, Say, Kawakami, Tarnas and Halford,
Managers on the part of the House.

Senators Ikeda, Chumbley, Baker, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 46 on H.B. No. 3293

The purpose of this bill is to direct the Department of Land and Natural Resources (DLNR) to conduct a comprehensive review of the provisions of chapter 171, Hawaii Revised Statutes (HRS), in order to address various problems faced by lessees of state lands.

Specifically, this bill requires the DLNR to:

- (1) Conduct public hearings in each county of the State to determine the concerns and problems faced by all lessees under chapter 171, HRS;
- (2) Submit a status report to the 1997 Legislature and a final report to the 1998 Legislature; and
- (3) Make appropriate amendments to administrative rules to address the problems and concerns identified.

In addition, this bill authorizes the DLNR to hire a consultant to assist in the review.

Your Committee has amended this bill by appropriating \$150,000 out of the Special Land and Development Fund to finance the review.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3293, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3293, H.D. 1, S.D. 1, C.D. 1.

Representatives Nekoba, Say, M. Oshiro, Tarnas and Ward,
Managers on the part of the House.

Senators Ikeda, Iwase, Kanno, Holt and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 47 on H.B. No. 3711

The purpose of this bill as received is to raise the insurers' premium taxes on various types of insurance contracts, and to change the basis upon which tax credits are granted to local insurers against their premium taxes.

Your Committee finds that nonresident agents or brokers, although not currently required to take the State's insurance examination, must comply with the law that places limitations on their activities with respect to placing insurance on a subject of insurance located in Hawaii. Because of the restrictive nature, these limitations virtually prevent nonresident agents or brokers from engaging in business in Hawaii. Consequently, under the reciprocity agreements between states, Hawaii's insurance agents and brokers are restricted in engaging in business in other states where they are nonresidents.

Your Committee has therefore amended this bill by deleting its substance and inserting provisions amending section 431:9-221, Hawaii Revised Statutes (HRS). These amendments repeal certain restrictions governing nonresident insurance agents and brokers in Hawaii, and provide additional qualifying requirements.

In particular, these provisions amend section 431:9-221, HRS, by:

- (1) Deleting the requirement that the insured must not be domiciled within this State or must be a foreign corporation;
- (2) Deleting the requirement that negotiations between the nonresident agent or broker and the insured must have taken place outside this State;
- (3) Adding the requirement that the person applying for a nonresident agent or broker license must pass an examination given by the Insurance Commissioner; and
- (4) Adding the requirement that the person applying for a nonresident agent or broker license must submit a statement evidencing that the applicant is currently licensed as an agent or broker in the applicant's state of residence.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3711, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3711, S.D. 2, C.D. 1.

Representatives Menor, Say, Cachola, Kawakami, Yamane and Marumoto,
Managers on the part of the House.

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

Conf. Com. Rep. 48 on H.B. No. 3423

The purpose of this bill is to authorize the Director of Commerce and Consumer Affairs to establish a trust fund for administering fees and costs associated with the state certified arbitration program (program) under the Motor Vehicle Express Warranty Enforcement law, also known as the "Lemon Law".

Under the "Lemon Law", the program handles disputes between consumers and manufacturers over defective new motor vehicles. In the past, the program was run by an independent contractor. However, the Department of Commerce and Consumer Affairs (DCCA) has recently assumed the responsibility of administering it. The DCCA is presently using a temporary clearing account to handle the needs of the program. Your Committee on Conference believes that the trust fund authorized by this bill is an appropriate tool for the DCCA to utilize in administering the program.

Your Committee on Conference has amended the bill by:

- (1) Changing the effective date of the Act from July 1, 1996, to upon its approval; and
- (2) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3423, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3423, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Kawakami, M. Oshiro, Yoshinaga and Ward,
Managers on the part of the House.

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

Conf. Com. Rep. 49 on H.B. No. 3427

The purpose of this bill is to include property and casualty insurers within the regulatory requirements for risk-based capital of life and health insurers.

Risk-based capital provides a flexible means for setting the capital requirements of insurance companies. Establishing the capital requirements is accomplished through an assessment of risk-based capital, utilizing a formula which considers investments and other financial risks incurred by the insurance companies. This differs from the system of fixed minimum capital and surplus requirements which are not affected by increased investments and other risks of the insurance companies.

Regulating risk-based capital of insurance companies provides a disclosure and monitoring mechanism for the Insurance Division of the Department of Commerce and Consumer Affairs to initiate regulatory actions against companies showing signs of weak or deteriorating financial conditions.

Among its provisions, this bill would provide that an insurer may challenge a determination or action by the Insurance Commissioner. With consideration for the confidential information which may be divulged at an administrative hearing, the insurer may obtain a confidential hearing on the record. This provision would enable a party to request that attendance at a hearing be restricted to parties involved in the issues of contention and the confidentiality of records is preserved, as provided by this bill and any applicable current statute.

Additionally, this bill's provisions in applying the risk-based capital standards to property and casualty companies will, in part, enable Hawaii to meet certain accreditation requirements established by the National Association of Insurance Commissioners.

Your Committee on Conference has amended this bill to change the effective date to take effect upon the Act's approval, and to make technical, nonsubstantive amendments for style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3427, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3427, H.D. 2, S.D. 1, C.D. 1.

Representatives Menor, Tom, Kawakami, M. Oshiro and Thielen,
Managers on the part of the House.

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

Conf. Com. Rep. 50 on H.B. No. 3101

The purposes of this bill are to establish biennial registration periods for condominium managing agents and associations of apartment owners, and to make various housekeeping amendments to Chapter 514A, Hawaii Revised Statutes, for purposes of clarity and conformity.

Currently, condominium managing agents and associations of apartment owners are required to register with the Department of Commerce and Consumer Affairs (DCCA) on an annual calendar year basis. Amending the law to provide for a biennial fiscal year-based registration will bring the managing agents' and associations' registration renewal cycles into alignment with the registration renewal cycle of real estate brokers. Conforming these various renewal cycles will allow DCCA to operate more efficiently, and result in time and resource savings for the department and the registrants.

Upon careful consideration, your Committee on Conference has amended the bill by:

- (1) Adding a provision establishing that for purposes of a biennial registration or re-registration, the fees for re-registration, the compliance resolution fund, and the condominium management education fund, shall not exceed twice the existing annual fee amounts; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3101, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3101, H.D. 2, S.D. 2, C.D. 1.

Representatives Menor, Tom, Kawakami, Yamane and Ward,
Managers on the part of the House.

Senators Ikeda, Bunda, Holt, Taniguchi and Liu.
Managers on the part of the Senate.

Conf. Com. Rep. 51 on S.B. No. 2211

The purpose of this bill is to propose an amendment to Article VII, section 11, of the State Constitution to allow commitments from the state educational facilities improvement special fund to be made for periods exceeding three years to allow for qualified design-build contracts.

Your Committee has amended this bill by:

- (1) Specifying that appropriations (rather than commitments) may be made for the foregoing purpose;
- (2) Allowing appropriations from the state educational facilities improvement special fund to extend beyond three years for constructing or acquiring public school facilities; and
- (3) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

It is your Committee's intent that a broad application of this bill be considered when extending appropriations for the construction or acquisition of public school facilities to include long-term leases, lease-purchase agreements, qualified design-build contracts, and other arrangements that would allow for the provision of public school facilities.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2211, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2211, S.D. 2, H.D. 2, C.D. 1.

Representatives Say, Tom, Stegmaier and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Chumbley, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 52 on S.B. No. 3091

The purpose of this bill is to propose an amendment to Article VII, section 11, of the Hawai'i Constitution to remove the exemption that permanently prevents the lapsing of unencumbered general obligation bond funds that are deemed necessary to qualify for federal aid financing and reimbursement.

Your Committee finds that this proposed amendment will provide more certainty in capital financial planning, and more flexibility in addressing changing statewide funding priorities.

Your Committee has amended this bill by deleting the purpose section and renumbering the other sections accordingly.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3091, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3091, H.D. 1, C.D. 1.

Representatives Say, Tom, Kawakami, White and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 53 on S.B. No. 3170

The purpose of this bill is to assist certain Waimanalo farmers who were unable to obtain long-term leases under Act 237, Session Laws of Hawaii 1988 (Act 237), by authorizing the Department of Land and Natural Resources (DLNR) to negotiate long-term leases with these individuals.

The bill also directs the DLNR to cooperate with land use reclassification activities initiated by those permittees on nonagriculturally-zoned lands to facilitate the conversion of their lands from nonagricultural to agricultural use.

Your Committee finds that Act 237 authorized the DLNR to enter into lease negotiations with revocable permittees on state-owned agricultural lands so that the permittees would be able to establish long-term land tenure, thereby allowing the permittees to secure financing for farm productivity enhancement.

However, Act 237 did not extend the opportunity to enter into long-term leases with the Department of Land and Natural Resources to those Waimanalo permittees who, through no fault of their own, were farming on nonagriculturally-zoned land. Additionally, certain permittees who did possess a revocable permit for agriculturally-zoned land and who applied for long-term leases under Act 237, were subsequently denied approval due to filing discrepancies.

Your Committee believes that the exclusion of these permittees was not part of the intent of Act 237 and that these permittees should be afforded the opportunity to obtain long-term leases from the State.

Upon further consideration, your Committee has amended the bill by:

- (1) Reformatting the bill to delete the division of the bill into parts and any references thereto;
- (2) Requiring, rather than permitting, the DLNR to enter into long-term lease negotiations with qualified revocable permittees in the Waimanalo area;
- (3) Removing the provision that mandates the rezoning of nonagriculturally-zoned lands in the Waimanalo area subject to Act 237, Session Laws of Hawaii 1988, to agricultural; and
- (4) Making technical amendments that have no substantive effect.

Your Committee believes that the amendments made to the bill:

- (1) More efficiently address the concerns of the permittees;
- (2) Are in the public interest to assist the permittees who depend on farming the state land for a livelihood; and
- (3) Are consistent with the objectives of the Hawaii State Plan.

Your Committee also believes that the State would realize greater returns from the long-term disposition of lands now under permit.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3170, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3170, S.D. 1, H.D. 2, C.D. 1.

Representatives Swain, Nekoba, Say, Takai and Halford,
Managers on the part of the House.

Senators Kanno, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 54 on S.B. No. 3079

Your Committee on Conference finds that the purpose of this bill is to authorize the Department of Business, Economic Development, and Tourism (DBEDT) to reestablish the Employee Ownership and Participation Program which supports and encourages expanded opportunities for employee ownership and participation in business.

Your Committee on Conference notes that this bill is a reenactment of the substance of Chapter 213E, Hawaii Revised Statutes, which was repealed in 1993 when its sunset provision was not extended by the Legislature. There are, however, several differences between this bill and Chapter 213E; specifically, the deletion in this bill of the provision allowing DBEDT to employ individuals without regard to Chapters 76 and 77, Hawaii Revised Statutes, and the provision in this bill allowing, instead of requiring, each state agency involved in economic development and regulatory activities to report annually to the Legislature.

Your Committee on Conference has therefore amended Section 1 of this measure by clarifying that only the substance of Chapter 213E as of the date it was repealed is being reenacted in this bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3079, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3079, S.D. 1, H.D. 1, C.D. 1.

Representatives Yonamine, Say, Case, Jones and Ward,
Managers on the part of the House.

Senators Matsunaga, Kanno and Ige,
Managers on the part of the Senate.

Conf. Com. Rep. 55 on S.B. No. 2003

The purpose of this bill is to establish a state preemption law for family child care.

Specifically, the bill:

- (1) Designates family child care homes as a permitted use in all residentially designated zones and prohibits any requirement that residences used as family child care homes obtain conditional use permits, variances, or special exceptions; and
- (2) Provides that family child care homes are not subject to recorded restrictions or prohibitions contained in covenants, conditions upon use or occupancy, or upon transfer of title.

Your Committees find that the provision of child care homes in normal residential surroundings provide children with a home environment conducive to their healthy and safe development.

The care of our children and the provision of safe, healthy and loving child care is a matter of statewide concern. It is a reality today that for many families, both parents must work. Thus, the need for child care is critical, especially for infants who are often excluded from facilities such as day-care centers and pre-schools because they are too young. As a result, child care in residential settings are often the sole alternative for working parents. These homes have long provided a safe and loving environment which an infant needs, and which working parents seek.

Your Committee notes that concerns were raised by individuals representing various associations of apartment owners regarding liability issues relating to common elements which are owned or controlled by the association. Specifically, concerns were raised over tort liability and with the Americans with Disabilities Act as they relate to the establishment of family child care homes in condominium projects. Your Committee agrees that these are serious and legitimate issues which must be addressed. Your Committee also notes that these issues may also apply to limited-equity housing cooperatives, cooperative housing corporations, and townhouse projects which are similar to condominium property regimes.

In response to these concerns, your Committee believes that the measure's limited scope of application to residential properties addresses the unresolved concerns involving issues such as constitutional violations, insurance costs, personal injury liability, and the Americans With Disabilities Act (ADA). Accordingly, this measure does not require that family child care homes be considered a residential use for the following:

- (1) Housing for older persons;
- (2) Limited-equity housing cooperatives;
- (3) Cooperative housing corporations;
- (4) Condominium property regimes; and
- (5) Certain townhouse projects.

Upon further consideration, your Committee has amended the bill by:

- (1) Clarifying the meaning of "townhouse projects" by stating that a "townhouse project" is a series of three or more individual dwelling units having architectural unity and a common wall between each adjacent unit and in which the owners of the units are members of an association which is responsible for common areas available for use by the members of the association;
- (2) Deleting the People Attentive To Children, the Good Beginnings Alliance, the Horizontal Property Regime Blue Ribbon Panel, and parents and family care providers from the group mandated to collaboratively submit a report to the Legislature prior to the 1997 Regular Session that addresses the issues of tort liability, the Americans with Disabilities Act, and constitutional concerns as they may relate to the establishment of family child care homes in limited-equity housing cooperatives, cooperative housing corporations, condominium property regimes, and townhouse projects, and whether the general provisions of this bill should be extended to limited-equity housing cooperatives, cooperative housing corporations, condominium property regimes, and townhouse projects; and
- (3) Deleting the provision that requires the above-mentioned group to address by-law amendment procedures and whether child safety may be compromised in family child care homes as defined under the bill.

Your Committee believes that the amended measure ameliorates many of the concerns raised by the various interest groups who participated in seeking a workable solution to a pressing statewide concern.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2003, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2003, S.D. 1, H.D. 2, C.D. 1.

Representatives Chun Oakland, Nekoba, Menor, Saiki and Kawanakoa,
Managers on the part of the House.

Senators Iwase, Bunda, Ihara, Anderson and Ige,
Managers on the part of the Senate.

Conf. Com. Rep. 56 on S.B. No. 608

The purpose of this bill is to approve a land exchange between the State and the Estate of James Campbell involving approximately 183 acres of land in Kapolei, Oahu.

Your Committee has amended the bill by making technical amendments to properly identify the lands to be exchanged.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 608, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 608, S.D. 2, H.D. 2, C.D. 1.

Representatives Takamine, Lee, Say, Ito, Takai, Tarnas and Halford,
Managers on the part of the House.

Senators Iwase, Ikeda, Ige, Kawamoto and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 57 on S.B. No. 2220

The purpose of this bill is to permit families to register their property with the Department of Health (DOH) and to bury family members on the property if they have existing family burial plots. In particular the bill:

- (1) Permits owners of residential or agricultural property on which a family member has already been lawfully interred to register the property with the DOH as a family burial plot;
- (2) Permit additional family members, including hanai family members, to be buried in family burial plots registered with the DOH;
- (3) Require that any subsequent disinterment of any remains from a family burial plot be done in compliance with section 338-25.5, Hawaii Revised Statutes (HRS);
- (4) Insert the definition of "family burial plot" into section 441-1, HRS;
- (5) Revise the definition of "interment" in section 441-1, HRS, to include the disposition of human remains in a family burial plot; and
- (6) Exclude property on which there are family burial plots from the exemption from public improvement assessments granted to cemetery property.

Your Committee finds that restriction of family burial plots to property where such plots are already in existence is too narrow in light of testimony by DOH that there are no public health concerns. The bill has been amended by deleting sections one through three of the bill and substituting therefore sections one and two of the S.D. 1 version of the bill. The bill sections were renumbered accordingly. This will allow owners of residential or agricultural property to use their property for the interment of family members regardless of whether there are existing burial plots on the property. The amendment also deletes unnecessary registration with the department of health.

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

Representatives Pepper, Kawakami, Saiki and Anderson,
Managers on the part of the House.

Senators Fernandes Salling, Levin, Taniguchi and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 58 on S.B. No. 2998

The purpose of this bill is to repeal the restriction that a maximum of \$90,000 may be utilized for administration of the Environmental Health Program Enhancement and Education Fund during any fiscal year. This bill also extends the sunset date of the Fund from July 1, 1996 to July 1, 2000 and directs the Director of Health to transfer the balance remaining in the fund to the general fund on June 29, 2000, rather than prior to June 30, 2000.

Your Committee on Conference amended this bill as received by deleting its contents and inserting provisions directing the Department of Health to study and review state and federal environmental laws and to establish environmental goals and objectives.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2998, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2998, S.D. 1, H.D. 2, C.D. 1.

Representatives Shon, Say, Abinsay, Santiago and Ward,
Managers on the part of the House.

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

Conf. Com. Rep. 59 on S.B. No. 1602

The purpose of this bill is to require armed security services personnel at State airports to undergo criminal history record checks conducted by the Federal Bureau of Investigation.

Additionally, this bill requires such personnel to submit sworn statements to the Department of Transportation regarding the existence of any prior criminal convictions. This bill also authorizes the Hawaii Criminal Justice Data Center to assess fees against providers of armed security services for the record checks.

Finally, this bill reenacts the definitions in section 261-1, Hawaii Revised Statutes. Except for removing the numbers of the definitions and defining the terms "criminal history record check" and "criminal history record information", the definitions are identical.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1602, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1602, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Tom, Kawakami, Nakasone and Ward,
Managers on the part of the House.

Senators Gaulty, Fernandes Salling, Chumbley, Tam and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 60 on S.B. No. 2124

The purpose of the bill is to clarify that the Prosecuting Attorney shall have the right to be represented at the initial parole hearing and all subsequent parole hearings.

Additionally, the bill provides that the Prosecuting Attorney shall receive sixty days notice prior to the HPA reducing minimum terms of imprisonment, and shall also receive sixty days notice prior to the HPA reconsidering or rehearing parole cases.

Current law is unclear whether the Prosecuting Attorney has the right to be represented at the initial parole hearing and all subsequent hearings. The bill clarifies that the Prosecuting Attorney has the right to be represented at all such hearings.

Current law is also unclear whether the Prosecuting Attorney is entitled to notice of any sort prior to the HPA reducing minimum terms of imprisonment, or prior to reconsidering or rehearing parole cases. The bill also clarifies that the Prosecuting Attorney is entitled to notice for these hearings.

Your Committee finds that sixty days notice for the Prosecuting Attorney is sufficient notice prior to the HPA reducing a minimum term of imprisonment; however, your Committee finds that reasonable notice is the appropriate notice to the Prosecuting Attorney prior to the HPA reconsidering or rehearing parole cases.

Accordingly, the bill was amended by providing for reasonable notice prior to the HPA reducing a minimum term of imprisonment.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2124, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2124, H.D. 1, C.D. 1.

Representatives McMurdo, Tom, Case, Hamakawa and Thielen,
Managers on the part of the House.

Senators Gaulty, Chumbley, Matsuura and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 61 on S.B. No. 2186

The purpose of the bill is to revise the definition of "owner" and to revise the affirmative defense for the offense of unauthorized control of a propelled vehicle.

Your Committee has amended the definition of "owner" to mean the registered owner of the propelled vehicle or the unrecorded owner of the vehicle pending transfer of ownership.

Your Committee amended the affirmative defense by:

- (1) Providing an affirmative defense to a person who received authorization to use the vehicle from an agent of the owner; and
- (2) Providing an affirmative defense to a lien holder or legal owner, or their authorized agent, engaged in a repossessions of the vehicle.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2186, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2186, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Swain, White, Yamane and Kawanakoa,

Managers on the part of the House.

Senators Gaulty, Chumbley, Matsunaga and McCartney,
Managers on the part of the Senate.

Conf. Com. Rep. 62 on S.B. No. 3248

The purpose of this bill is to amend the laws relating to commercial use and operator permits issued for commercial water sledding, thrill craft, and parasailing activities within the State.

Specifically, the bill:

- (1) Makes all commercial use and operator permits for commercial water sledding, thrill craft, and parasailing activities transferable upon payment of a business transfer fee of not more than ten percent of the transfer price;
- (2) Restricts the ability to transfer a commercial use and operator permit to once every two years;
- (3) Authorizes the Department of Land and Natural Resources (DLNR) to immediately revoke a commercial use permit without a hearing for any activity that may endanger the health or safety of passengers or the public;
- (4) Provides the permit holder the opportunity to request an administrative hearing to contest the basis for the suspension or revocation of the permit;
- (5) Requires all new commercial water sledding, thrill craft, and parasailing permits be issued at public auction;
- (6) Provides that all commercial use and operator permits for commercial water sledding, thrill craft, and parasailing activities be valid for five years from the issuance date and be renewed for additional five year periods, up to a total of twenty years;
- (7) Requires the DLNR to annually review commercial use and operator permit holders' compliance with applicable departmental rules, tax laws, and safety records;
- (8) Authorizes DLNR to adopt rules encouraging water safety education and programs relating to water sledding activities; and
- (9) Deletes inconsistent provisions that restrict the transfer of permits relating to operations in Kaneohe Bay.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting all references to commercial water sledding permits;
- (2) Removing the restriction that only allows corporations and other business entities to have the ability to transfer commercial use and operator permits;
- (3) Amending the rate of the business transfer fee to be no less than ten percent of the transfer price, rather than no more than ten percent;
- (4) Requiring rather than permitting, the DLNR to adopt rules to promote thrill craft and parasailing water safety and education programs;
- (5) Lowering the maximum time period a permit holder can retain a commercial use and operator permit to two five year terms (ten years);
- (6) Requiring that after the ten year maximum permit cycle has tolled, the permit may be offered for public auction; provided that the previous permit holder shall have the right of first refusal; and provided further that the permit holder shall also match the highest bid offered at the public auction; and
- (7) Deleting the amendment to section 200-39, Hawaii Revised Statutes, that would make the provisions of this bill applicable to commercial use and operator permits issued by the DLNR in the Kaneohe Bay Area; and
- (8) Adding a section that states that upon the sunset of section 200-39, Hawaii Revised Statutes, on July 1, 1998, the provisions of Chapter 200, Hawaii Revised Statutes, shall apply to all commercial use and operator permits issued by the DLNR in the Kaneohe Bay Area.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3248, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3248, S.D. 2, H.D. 2, C.D. 1.

Representatives Santiago, Say, Abinsay, Garcia and Anderson,
Managers on the part of the House.

Senators Iwase, Matsunaga, Holt and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 63 on S.B. No. 2888

The purpose of this bill is to extend from 1996 to 1999 the authority of the Department of Public Safety to release pretrial inmates on an emergency basis.

The bill also makes conforming changes to the department's reporting requirements to the Legislature concerning the progress of the program and the recidivism rates of pretrial inmates released under the program.

According to the Attorney General, the emergency release program is a key element of the management strategy of the Oahu Community Correctional Center and the Women's Community Correctional Center, whose populations are limited by the *Spear v. Cayetano* consent decree, and thus is necessary to assist in population management during this period of severe prison overcrowding.

Furthermore, your Committee notes that the findings of the National Pretrial Reporting Program (NPRP) conducted by the United States Bureau of Justice Statistics support the overall practice of releasing some felony defendants prior to trial. The NPRP found that most Hawaii pretrial detainees released prior to trial were not rearrested during their release and that, of those rearrested, few were charged with a violent offense. Accordingly, your Committee finds that the exigencies arising from the cumulative effect of the crime rate, consent decree, and the State's present general fund shortfall force the State to provide the executive branch the means to manage its responsibilities in a clear and effective manner that will not unduly compromise public safety.

Upon further consideration, your Committee has amended this bill by changing the date to which authority to release pretrial inmates is being extended from 1999 to 1998.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2888, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2888, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Chun Oakland, White and Yamane,
Managers on the part of the House.

Senators Grauly, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 64 on S.B. No. 2446

The purpose of this bill, as received by your Committee on Conference, is to recodify the Hawaii Revised Statutes to more clearly delineate recent reforms and policy directives that are reshaping the public school system in Hawaii.

Your Committee finds that recent legislative initiatives to reform the public education system have been focussed on enhancing student performance as well as increasing accountability for student achievement at the school-level. The Legislature has mandated the adoption of statewide student performance standards, and provided for the creation at the school-level of alternative curriculum and administrative frameworks to encourage learning environments that are more focussed upon and responsive to students' needs. Your Committee further finds that in order to proceed with reshaping the public school system, the Hawaii Revised Statutes need to be reorganized to emphasize the Legislature's intent to "put students first" in the reorganization and redesign of the public school system.

Upon further consideration, your Committee on Conference has amended this measure by:

- (1) Rewriting the preamble to clarify the Legislature's intent in pursuing the recodification;
- (2) Deleting the obsolete salary schedules in sections -724 and -725 related to teachers and educational officers, respectively, and clarifying that these schedules are now subject to collective bargaining;
- (3) Inserting a provision in section -735 that clarifies the use of language related to certificated and noncertificated personnel;
- (4) Clarifying that the penal code provisions in Section 18 of the bill relate to both public and private schools; and
- (5) Making nonsubstantive, technical changes for the purposes of clarity and proper drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2446, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2446, S.D. 1, H.D. 1, C.D. 1.

Representatives Stegmaier, Morihara, Takai and Anderson,
Managers on the part of the House.

Senators Chumbley, Kawamoto and Matsunaga,
Managers on the part of the Senate.

Conf. Com. Rep. 65 on S.B. No. 3021

The purpose of this bill, as received by your Committee on Conference, is to repeal various obsolete sections contained within the education title of the Hawaii Revised Statutes.

Your Committee finds that Act 168, Session Laws of Hawaii 1995, established an interim study group to review various chapters related to the public education system contained in Title 18 of the Hawaii Revised Statutes. Your Committee

further finds that certain laws were identified by the study group as obsolete and therefore recommended for repeal. Most of these recommendations were incorporated into legislation introduced during the regular session of 1996 and will be repealed upon passage of such legislation.

Therefore, upon further consideration and based upon ongoing discussion during the legislative session, your Committee on Conference has deleted the contents of this measure because these provisions are contained in other measures and has inserted provisions repealing the school advisory councils. Your Committee on Conference notes that the school advisory councils preceded the school/community-based management councils which are now operating at most schools in all the school districts. Thus, the functions of the school advisory councils have been or will soon be replaced by the implementation of the school/community-based management councils.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3021, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3021, S.D. 1, H.D. 1, C.D. 1.

Representatives Stegmaier, Kawakami, Kahikina, Morihara and Anderson,
Managers on the part of the House.

Senators Chumbley, Kawamoto and Matsunaga,
Managers on the part of the Senate.

Conf. Com. Rep. 66 on S.B. No. 2380

The purpose of this bill, as received by your Committee on Conference, is to lower the age of compulsory school attendance from eighteen to sixteen, provided that the principal determines that the child's attendance is disruptive or hinders the child's learning and that an alternative educational plan is developed for the child.

Your Committee on Conference finds that principals, in consultation with school personnel, the child, and the child's parent or guardian, need to collaborate in order to determine the best possible alternative educational plan for a child who may not be able to learn within the traditional school environment. Your Committee further believes that as part of this collaborative effort, the child and the child's parent or guardian must be given a reasonable opportunity to participate in the development of any alternative educational plan, in order to assure the child's and parent's or guardian's commitment to and successful implementation of the plan.

Upon further consideration, your Committee on Conference has amended this measure by:

- (1) Indicating that the child must engage in behavior which is disruptive to other students, teachers, or staff;
- (2) Indicating that the child's non-attendance is chronic;
- (3) Deleting the provision allowing a designee of the principal of the child's school, or the child's teacher or counselor, to consult with the child and the child's parent or legal guardian in developing an alternative educational plan;
- (4) Requiring that the alternative educational plan include a process that shall permit the child to resume school;
- (5) Deleting the provision that a child shall not be prohibited from resuming school attendance based on procedures established by the principal of the child's school;
- (6) Inserting a provision directing the revisor of statutes to conform the provisions of this Act with any recodification of the education statutes; and
- (7) Changing the effective date to July 1, 1996.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2380, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2380, S.D. 1, H.D. 2, C.D. 1.

Representatives Stegmaier, Tom, Takai, Yamane and Anderson,
Managers on the part of the House.

Senators Chumbley, Gaulty, Matsunaga, Matsuura, McCartney, Tam and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 67 on S.B. No. 2329

The purposes of this bill are to:

- (1) Provide for the repeal of chapter 467E, Hawaii Revised Statutes (HRS), relating to social workers, on December 31, 2000; and
- (2) Require that social worker license applicants who hold a masters degree from a college or university in a social work program be accredited by or deemed to be equivalent to an accredited program by the Council on Social Work Education.

Your Committee on Conference has amended this bill by:

- (1) Amending the law regulating the University of Hawaii's School of Medicine Special Residency Program to allow candidates for licensure as osteopathic physicians to participate in the residency program;
- (2) Amending the law regulating tattoo artists to allow osteopathic physicians to apply facial tattoos and administer injections in the application of tattoos in the same manner allowed physicians licensed under chapter 453, HRS;
- (3) Amending the definition of "practice of pharmacy" to include prescription of drug therapy by licensed osteopathic physicians; and
- (4) Amending section 466J-2, HRS, relating to the radiologic technology board to include two persons licensed to practice medicine pursuant to either chapter 453 or 460, HRS.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2329, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2329, H.D. 1, C.D. 1.

Representatives Menor, Case, Swain, Yoshinaga and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 68 on S.B. No. 2724

The purpose of this bill, as received by your Committee on Conference, is to permit interstate branching in Hawaii effective June 1, 1997. In particular, this bill:

- (1) Authorizes Hawaii state banks to establish and operate interstate branches by merger, acquisition, or de novo;
- (2) Authorizes out-of-state banks to establish and operate branches in Hawaii by merger, acquisition, or de novo, subject to restrictions;
- (3) Authorizes banking activities and operations of direct branch, agency, and representative offices in Hawaii by non-U.S. banks, generally under terms and conditions no less favorable than those applicable to comparable, federally-licensed branches and offices of non-U.S. banks in the United States; and
- (4) Establishes a statutory framework for the licensing, regulation, and supervision of interstate branches and offices.

Your Committee on Conference has amended this bill by:

- (1) Deleting from section 412: -104(b)(1), Hawaii Revised Statutes (HRS), the referenced time period "From June 1, 1997, to May 31, 2000";
- (2) Changing the title of section 412: -105, HRS, to "Prohibition of out-of-state banks to establish a de novo interstate branch or acquire an interstate branch", deleting all referenced dates in the body of that section, and providing that, in general, an out-of-state bank that does not operate a branch in this State may not establish a de novo branch or operate a branch in this State through acquisition;
- (3) Clarifying in section 412: -208(b)(1), HRS, that a Hawaii state branch of a bank organized in a U.S. territory, the deposits of which are insured by the Federal Deposit Insurance Corporation, shall not be subject to the limitation on domestic retail deposit taking;
- (4) Adding a new section 7 to this bill requiring the Commissioner of Financial Institutions to review the interstate branching laws adopted by other jurisdictions, determine whether certain restrictions contained in this measure should be continued, amended or repealed, and report to the Legislature prior to the 1997 Regular Session; and
- (5) Making several technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2724, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2724, S.D. 1, H.D. 1, C.D. 1.

Representatives Menor, Garcia, Swain, Yoshinaga and Meyer,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 69 on S.B. No. 3159

The purpose of this bill, as received by your Committee on Conference, is to establish the statutory authority of state-chartered banks, with the prior written approval of the Commissioner of Financial Institutions (Commissioner), and subject to any conditions imposed by the Commissioner, to:

- (1) Sell insurance and annuities;

- (2) Underwrite insurance; and
- (3) Sell and purchase securities on the order of and for the account of customers through the operations of a discount or full service brokerage.

Your Committee on Conference has amended this measure by:

- (1) Clarifying in section 412:5-A, Hawaii Revised Statutes (HRS), that:
 - (A) The authority to sell insurance and annuities is subject not only to any conditions imposed by the Commissioner, but also to the limitations set forth in that section and in section 412:5-B, HRS;
 - (B) Banks may also sell insurance through an independent insurance agent or agency under contract;
 - (C) The administration of Chapter 431, HRS, and any insurance administrative rules shall be vested with the Insurance Commissioner, and clarifying that insurance and annuity-related activities conducted within the State shall be governed by and comply with chapter 431, HRS, and any insurance administrative rules adopted thereunder;
 - (D) Upon receipt of the Commissioner's approval under this section, a bank shall obtain any necessary approvals required under Chapter 431, HRS, or other applicable jurisdictions where the bank will be conducting activities;
- (2) Deleting from subsections (a) and (b) of section 412:5-A, HRS, the reference to transacting insurance business directly or through a subsidiary or affiliate, and from subsection (b) language qualifying the extent that non-Hawaii law shall govern insurance and annuity-related activities of Hawaii banks conducted outside of the State;
- (3) Adding a new subsection (b) to section 412:5-B, HRS, authorizing a bank, subject to certain requirements, to sell insurance either directly in any department or division or through a subsidiary or affiliate;
- (4) Clarifying section 412:5-B, HRS, that a bank shall also obtain any necessary approvals required under any insurance administrative rules adopted under Chapter 431, HRS;
- (5) Providing in section 412:5-C, HRS, that:
 - (A) The authority to engage in securities activities is subject not only to any conditions imposed by the Commissioner, but also to the limitations set forth in that section, and clarifying the meanings of "security" and "investment companies";
 - (B) Administration of chapter 485, HRS, and any securities administrative rules shall be vested with the securities commissioner, and clarifying that securities-related activities conducted within the State shall be governed by and comply with chapter 485, HRS, and any securities administrative rules adopted thereunder;
 - (C) Upon receipt of the Commissioner's approval, a bank shall obtain any necessary approvals required under Chapter 485, HRS, and any securities administrative rules adopted thereunder, or under other applicable jurisdictions where the bank will be conducting securities activities;
- (6) Deleting from subsection (b) of section 412:5-C, HRS, language qualifying the extent that non-Hawaii law shall govern securities-related activities of Hawaii banks conducted outside of the State;
- (7) Deleting from subsection (c) of section 431:13-104, HRS, and adding to subsection (b)(1) of that same section, language providing that the requirement for a commitment for a loan or credit extension shall not apply if the required insurance premium is to be financed as part of the loan or extension involving personal property transactions;
- (8) Revising section 431:13-104(b)(4), HRS, to prohibit the use or disclosure of information relative to a contract of insurance required by or supplied in response to the loan or credit transaction for the purpose of replacing the insurance or soliciting insurance;
- (9) Adding a new subsection (h) to section 431:13-104, HRS, requiring the Insurance Commissioner to adopt certain insurance-related administrative rules;
- (10) Authorizing in the last section of the bill certain restricted branch sales of insurance after May 31, 2000, and providing for unrestricted branch sales of insurance after May 31, 2003; and
- (11) Making several technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3159, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3159, S.D. 1, H.D. 1, C.D. 1.

Representatives Menor, Herkes, Swain, White and Thielen,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 70 on S.B. No. 1305

The purpose of this bill, as originally received by your Committee, is to promote recycling efforts in this State by allowing for flexibility in setting the specifications of crushed glass for use in public roadway projects.

Upon careful consideration, your Committee amended this bill in order to address the unlawful and indiscriminate dumping of used oil. Specifically, this bill amends chapter 342J, Hawaii Revised Statutes, governing hazardous wastes, by adding a new part which:

- (1) Consolidates the various statutes governing the regulation of used oil;
- (2) Authorizes the director of health to establish rules governing the recycling, transport, and disposal of used oil and used oil fuel; and
- (3) Requires a permit for the transportation and recycling of used oil.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1305, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1305, H.D. 1, C.D. 1.

Representatives Shon, M. Oshiro, Tarnas, Meyer and Yamane,
Managers on the part of the House.

Senators Grauly, Tam, Chumbley and Matsuura,
Managers on the part of the Senate.

Conf. Com. Rep. 71 on S.B. No. 2247

The purpose of the bill is to raise the crime of manslaughter from a class B felony to a class A felony, and to permit sentences of probation for manslaughter where appropriate. The bill also made technical, non-substantive revisions.

Your Committee finds that the state has had an increase in homicides, especially homicides involving domestic violence situations. Under current law, manslaughter is a class B felony so that a person convicted may be sentenced to imprisonment for up to ten years. Manslaughter is currently probationable.

Your Committee believes that a maximum sentence of ten years imprisonment is inadequate for the taking of a life. The bill makes manslaughter a class A felony so that a person convicted shall now be sentenced to a term of imprisonment of twenty years; however, your Committee further believes that courts should still be given the discretion to sentence a person to probation in those extremely rare circumstances where strong mitigating circumstances exist. The bill retains probation in those extremely rare circumstances.

The bill was amended by revising the technical, non-substantive amendments made for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2247, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2247, H.D. 1, C.D. 1.

Representatives Tom, Herkes, White, Yamane and Thielen,
Managers on the part of the House.

Senators Grauly, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 72 on S.B. No. 2249

The purpose of the bill is to provide for the extension of family court protective orders for a period not to exceed three years from the expiration of the preceding protective order.

Under current law, protective orders are valid for a period up to three years; however, protective orders granted for less than three years may not be extended. Your Committee finds that victims should be able to request an extension of a protective order for acts of abuse and treats of abuse that occurred prior to the initial restraining order.

The bill was amended by:

- (1) Enabling a protective order, granted for a period less than three years, to be extended for a period not to exceed three years from the date of the original protective order;
- (2) Clarifying that a protective order may be extended upon the court's consideration of evidence of abuse and threats of abuse that occurred prior to the initial restraining order and whether good cause exists to extend the protective order; and
- (3) Making technical, non-substantive revisions for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2249, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2249, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Cachola, Herkes, White and Thielen,
Managers on the part of the House.

Senators Gaulty, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 73 on S.B. No. 2326

The purpose of the bill is to add a new section to Chapter 134, Hawaii Revised Statutes, which permits a police officer, with reasonable grounds to believe that a person has recently assaulted or threatened to assault a family or household member, to seize all firearms and ammunition in plain view or discovered pursuant to a consensual search from the person's household.

Additionally, the bill also cross-referenced this language to also include it in Section 709-906, Hawaii Revised Statutes.

Your Committee amended the bill by:

- (1) Clarifying the conditions and circumstances under which seized firearms and ammunition may be returned to the person;
- (2) Deleting some of the unnecessary cross-referenced language proposed to be included in Section 709-906 which your Committee believes merely duplicated the language in the new section to Chapter 134;
- (3) Revising Section 853-4, Hawaii Revised Statutes, to clarify that convictions for the offense of abuse of family or household members are not subject to deferred acceptance of guilty or no contest pleas; and
- (4) Making technical, non-substantive revisions for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2326, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2326, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Herkes, White, Yoshinaga and Thielen,
Managers on the part of the House.

Senators Gaulty, Chumbley, Matsunaga and Matsuura,
Managers on the part of the Senate.

Conf. Com. Rep. 74 on S.B. No. 2381

The purpose of the bill is to broaden the offense of "custodial interference in the first degree" to include the abduction and removal of a minor from the custody of another, or in violation of a court order, by any person without "good cause". The bill defines "good cause".

Additionally, the bill created a new offense of "failure to report concealment of a child" to be included in Chapter 707, Hawaii Revised Statutes.

Your Committee amended the bill by specifying that "good cause" is an affirmative defense to a prosecution for custodial interference in the first degree; provided that the person asserting the affirmative defense of "good cause" filed both a report with the family court and a request for a custody order as soon as was practicable.

The bill was also amended by deleting "failure to report concealment of a child" as a new offense to be included in Chapter 707, and by making technical, non-substantive revisions for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2381, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2381, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Cachola, Chun Oakland, White and Thielen,
Managers on the part of the House.

Senators Gaulty, Matsunaga, McCartney, Tam and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 75 on S.B. No. 2548

The purpose of this bill, as received by your Committee, is to amend section 520-4, Hawaii Revised Statutes, by expressly providing limited liability for landowners who are required by the State or county to provide public access (including parking) through or across their property for recreational purposes.

Current law limits the liability of landowners who provide public access to their property to engage in recreational activities at no charge. However, landowners who are required by the State or county to provide access through or across their property to reach other property used for recreational purposes are not expressly within the purview of section 520-4.

Upon careful consideration, your Committee amended the bill to clarify that landowners who are required by the State or county to provide public access or parking in order to reach other property used for recreational purposes have limited liability. In addition, technical, nonsubstantive changes were made for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2548, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2548, S.D. 1, H.D. 2, C.D. 1.

Representatives Takamine, Tom, Herkes, Nekoba and Meyer,
Managers on the part of the House.

Senators Grauly, Iwase, Matsunaga, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 76 on S.B. No. 2773

The purpose of this bill is to further clarify a number of aspects of the State's drug product selection (generic drug) law.

Specifically, this bill:

- (1) Makes it a misdemeanor to violate the drug product selection law (chapter 328, part VI, Hawaii Revised Statutes);
- (2) Imposes a maximum administrative penalty of \$10,000 for each separate violation of the drug product selection law;
- (3) Allows the Director of Health to seek injunctive relief to prevent any violation of the drug product selection law;
- (4) Replaces the term "dispenser" with the term "pharmacist", replaces the term "prescriber" with the term "practitioner", and defines the terms "pharmacist" and "practitioner", for the purposes of the drug product selection law;
- (5) Allows a practitioner to handwrite or verbally order the instructions "brand medically necessary", "dispense as written", "brand", or "brand only" (in addition to "do not substitute") to prevent the substitution of an equivalent (generic) drug product for a prescribed (brand name) drug product;
- (6) Requires a pharmacist to note the practitioner's instructions on the prescription record required to be maintained under the Hawaii Food, Drug, and Cosmetic Act (chapter 328, part I, Hawaii Revised Statutes), and gives the Department of Health all the powers conferred upon it under the Hawaii Food, Drug, and Cosmetic Act to enforce the drug product selection law;
- (7) Prohibits a pharmacist from substituting an equivalent (generic) drug product for any prescription for an anti-epileptic drug, except upon the consent of the practitioner and the patient or the patient's parent or guardian; and
- (8) Requires practitioners (in addition to pharmacists) to indicate on the immediate container in which a drug product is sold or dispensed the statement "Substituted for (Brand name of the drug product prescribed)", and to maintain a record of any substitution of a generically equivalent drug product for a prescribed brand name drug product.

At the request of the Director of Health, your Committee has amended this bill by deleting the provisions allowing a practitioner to handwrite or verbally order the instructions "brand medically necessary", "dispense as written", "brand", or "brand only" (in addition to "do not substitute") to prevent the substitution of an equivalent (generic) drug product for a prescribed (brand name) drug product. It is your Committee's understanding that the Medicaid Investigations Division of the Department of the Attorney General recently informed the Department of Health that the foregoing provisions might decrease the use of generic drug products in Hawaii and, consequently, increase health care costs.

Your Committee has also amended this bill by making technical, nonsubstantive changes for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2773, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2773, S.D. 1, H.D. 1, C.D. 1.

Representatives Pepper, Menor, Tom, Chun Oakland and Anderson,
Managers on the part of the House.

Senators Grauly, Holt, Matsunaga, Matsuura and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 77 on S.B. No. 2993

The purpose of this bill is to enact Articles I through IV of the Uniform Probate Code (1993 version) (UPC), with appropriate amendments.

The genesis of this bill was the Judicial Council's Committee on Uniform Probate Code and Probate Court Practices appointed by Chief Justice Ronald T. Y. Moon. That Committee undertook a review of Articles I through IV of the model Uniform Probate Code (1993 version) and determined that the model legislation, with amendments appropriate to Hawai'i traditions, would be a vast improvement over existing law.

Your Committee concurs that this bill would be a great step forward in the area of probate. It will significantly reduce the time, complexity, and expense of probate proceedings. It will free Judiciary personnel from routine paper work in the vast majority of probates in which there are no disputes. As the Chief Justice noted in his transmittal of the proposed legislation to the Legislature, probate will no longer be a time-consuming, cumbersome process that Hawai'i's citizens dread to the point that they spend hundreds and thousands of dollars creating trusts and rearranging title in order to avoid. At the same time, this bill provides ready access to a judge in the event either that a dispute arises during the course of a probate or that the interested parties desire judicial supervision. Thus, the probate courts will become like the rest of our courts: places to which to turn to resolve disputes.

This bill also favorably impacts areas other than probate procedure. It creates a meaningful system for protection of the interests of surviving spouses, giving them the same sorts of rights to marital assets when the marriage ends by death as they are entitled to when the marriage ends by divorce. It preserves intact Hawai'i's enlightened and well-thought-out "ohana adoption" statute adopted by the Legislature in 1992. It establishes comprehensive rules for the interpretation and construction of wills and trusts which are not precisely written.

In sum, it is a bill which enhances judicial efficiency while preserving consumer choice and providing significant time and cost savings for consumers faced with probate.

Your Committee has amended this bill by:

- (1) Clarifying in section 560:1-401 that, if a person's address is unknown, then a notice of hearing on a petition shall be published in a newspaper of general circulation;
- (2) Adding in section 560:3-603(1) the phrase "if bond has been requested by an interested party and the court is satisfied that it is desirable" to make clear that a bond is not automatically required for a special administrator appointed in informal proceedings;
- (3) Deleting in section 531-28.5 the phrase "and an interested person as defined in section 560:1-201 requests that real property be sold," because if a decedent's will does not specifically authorize the personal representative to sell real property, the existing statute requires court approval before the property may be sold; and
- (4) Adding in section 560:8-103(b)(2) language to make the provisions of parts 1 and 2 of article II relating to intestate succession and elective share apply only to the estates of decedents dying after the effective date of the Act.

In addition, your Committee has made technical, nonsubstantive changes such as making gender neutral corrections.

As amended, S.B. No. 2993, S.D. 1, H.D. 1, C.D. 1, tracks closely with Articles I through IV of the model Uniform Probate Code (1993 version). One significant benefit of our enactment of uniform legislation is that courts and attorneys here can look to judicial interpretation of identically worded statutes in other states for guidance in interpreting the local statute. As indicated above, S.B. 2993, S.D. 1, H.D. 1, C.D. 1, changes some of the language in a few model UPC sections to reflect and address Hawai'i traditions and concerns. So that the local courts and attorneys can know why your Committee is recommending those changes to the model Uniform Probate Code, your Committee has set out below a description of each non-self-evident substantive change to the model Uniform Probate Code and the reasoning behind such changes.

1. Section 560:1-201(28): Letters testamentary and letters of administration will only be effective for three years unless renewed for good cause, and such limitation will be stated on the face of the letters.

Reason for change: UPC §§3-1001 et. seq. do not require an informally appointed personal representative to close an estate; a personal representative or an interested person may formally close an estate with a court approved accounting, however. This would be done to secure protection for the personal representative or if a beneficiary was dissatisfied over the administration. In order for the Court to be able to consider a file "pau" in the absence of a court approved closing, simply limiting the efficacy of the letters to three years seems to be sufficient. In addition, it is anticipated that the time constraint will inspire the personal representative to complete the administration of the estate.

2. Section 560:1-302(a) is amended to add the words "and except as otherwise provided by section 560:5-102" after the word "constitution".

Reason for change: This is necessary in order to preserve the Family Court's exclusive jurisdiction of guardianships of the person.

3. Section 560:1-307 permits a Judiciary staff person designated by a judge to grant applications for informal probate and appointment. Although it is doubtful that such persons would be personally liable for any good faith mistakes in this quasi-judicial function and it is likely that judicial immunity attaches to such official acts without having the statute specifically so state, the Legislature wishes to make clear that its failure to amend the statute to specifically grant judicial immunity is motivated simply by the desire to preserve uniformity since it believes that such immunity exists without being

explicitly stated, and such failure should not be considered as evidence of any intent not to have judicial immunity attach to the registrar in his or her performance of official duties.

4. Section 560:2-114 is amended from model UPC language to read exactly like existing Hawai'i law now found in section 560:2-109, Hawaii Revised Statutes.

Reason for change: Section 560:2-114 is Hawaii's pacesetter "ohana adoption" statute, enacted in 1992, which reflects the Hawaiian tradition of extended in-family adoptions with no intention that such adoptions legally sever the inheritance relationship from and through the natural parent, either in cases of intestacy or in testamentary documents. There is no legislative intent to have any part of this legislation in any manner affect the results which would presently obtain under existing 560:2-109 now renumbered 560:2-114.

5. Section 560:2-202 is amended to clarify that a surviving spouse may elect an elective share smaller than the amount to which he or she is entitled.

Reason for change: For purposes of post-mortem estate and family planning, the surviving spouse may desire to elect against the decedent's will, but not to the maximum extent provided. The suggested language makes clear that the surviving spouse has the right to make a "partial" election.

6. Section 560:2-208 is amended to exclude from the augmented estate calculations both trust assets funded by someone other than the married couple and property inherited during marriage and kept segregated.

Reason for change: The elective share concept reflects a tension between (i) society's respect for a testator's right to dispose of his or her property as he or she desires and (ii) society's insistence that such right not be utilized in a manner which would leave a surviving spouse with insufficient assets on which to live, plus the fact that the decedent probably was aided by the surviving spouse, at least indirectly, in the acquisition of his or her property (i.e., that they were "partners" of sorts). If a surviving spouse elects to take an elective share rather than that which passes to him or her under the decedent's estate plan, the spouse has, in effect, rejected the decedent's estate plan and sought benefits presumably greater than those intended by the decedent.

The current Hawai'i statute which permits a surviving spouse an elective share only against the decedent's net probate estate weighs heavily in favor of freedom of testation; the decedent can "disinherit" the surviving spouse by the simple medium of a revocable living trust.

Experience in other jurisdictions has shown the model UPC's augmented estate concept to be workable. Your Committee feels that, if the State is to have a statutory scheme providing protection for surviving spouses, it should be a better one than now exists and the UPC augmented estate concept is basically quite good.

S.B. No. 2993, S.D. 1, H. D. 1, C.D. 1, has a new subsection (a)(2) which is not found in the model UPC. This language is intended to exclude from consideration in calculating the augmented estate against which the elective share may be asserted (i) property which is held in a trust created by a third person, and (ii) property which is both acquired by gift, devise, inheritance, or trust distribution and kept segregated. The exclusion of the former property furthers the partnership view of marriage in that neither partner was responsible for the creation of the wealth in such a trust. In addition, the exclusion of such property will make easier the computation of the value of the augmented estate since, for example, it will not be necessary to determine the value of a third party trust providing a life interest for a surviving spouse.

The exclusion of property received by gift, inheritance, etc. after marriage, to the extent that it has been kept segregated, reflects your Committee's judgment and view that such property has long had special status in Hawaii. The Hawai'i appellate courts recognize that special status in their consideration of the division of property in the case of divorce. See *Tougas v. Tougas*, 76 Haw. 19, 27 (Sup. 1994); *Hussey v. Hussey*, 77 Haw. 202 (App. 1994). If the deceased spouse receiving such property has gone to the trouble of segregating it during marriage, it is your Committee's opinion that the surviving spouse should not be able to elect against it.

Parties can, of course, contract so as to exclude or limit elective share rights in the event that the marriage terminates on account of divorce or death. See Haw. Rev. Stat. Chpt. 572D and §560:2-213.

7. Section 560:2-212 is amended to better protect the descendants of the first spouse to die against an election by a guardian of an incapacitated surviving spouse.

Reason for change: The purpose of the elective share is to provide the surviving spouse adequate assets on which to live. In *re Estate of Merkel*, 618 P.2d 872 (Mont. 1980). The Legislature could require a court hearing to determine the "bona fides" of any surviving spouse's election against the deceased spouse's estate plan to insure that the surviving spouse has a need for the elected assets. That, however, would be expensive and judicially inefficient. Rather, the Legislature presumes that, in a marriage which has lasted until the death of one spouse, the surviving spouse will give due consideration to the deceased spouse's wishes as represented by his or her estate plan. The problem arises, however, when the surviving spouse is incompetent to make such an election; any person making the election for his or her benefit cannot fully know and appreciate the extent of the understandings between spouses arising during the course of the marriage.

There are an increasing number of second marriages, often with both spouses having children from prior marriages and with each spouse having the desire to ultimately pass his or her assets to his or her children after the death of the surviving spouse. The current HRS (and 1969 UPC) provision require that a court first determine "need" before an incapacitated surviving spouse could elect (through his or her guardian) against the pre-deceased's spouse's estate plan. The model UPC (1993 version) seeks to safeguard the interest of the predeceased spouse's prior family by requiring that any assets taken by an election go into a trust in which the surviving spouse has only a life interest for his or her "use and

benefit", at the termination of which the assets would pass under the pre-deceased spouse's estate plan. Your Committee recommends expanding the model UPC protections for the predeceased spouse's family by more restrictions on when and for what purposes the custodial trust may be invaded. Thus, your Committee restricts the assets expended from the custodial trust for the benefit of the surviving spouse by (i) requiring that consumption of the surviving spouse's own assets be first required unless the trustee determines that it would be inappropriate, (ii) permitting invasion of principal only for the benefit of the surviving spouse and those whom the surviving spouse is required to support, and (iii) restricting the uses to which the assets can be put to "health, education, maintenance and support", words which have acquired meaning in the Internal Revenue Code sections on estate taxation and which are more restrictive than the model UPC's "use and benefit".

8. Section 560:2-205(3)(iii) is amended by substituting the figure "\$20,000" for the figure "\$10,000".

Reason for change: The change is in order to permit the amount to be given as a gift (without fear of implicating the elective share statute) to equal the maximum amount a husband and wife can collectively give to any one individual each year without filing a federal gift tax return.

9. Section 560:2-516 is amended to increase the sanctions on a person who knowingly and willfully "hides" the will of a decedent.

Reason for change: Your Committee feels that there should be a strong disincentive to fail to produce the will of a decedent, hence the provision for treble damages for wilful non-production. For judicial efficiency, your Committee feels that any proceedings relating to damages arising from non-production of the will should be maintained in the probate proceeding relating to the will.

10. Section 560:2-606 is amended to restrict the instances where other property can be substituted for property specifically devised by a will.

Reason for change: The language deleted from the model UPC section would greatly expand property covered by a specific devise. Under current law, if the decedent wills his 1984 Ford to his son and later dies owning a 1993 Chrysler but not a 1984 Ford, the son does not inherit the Chrysler. Under the model UPC, the son would inherit the Chrysler if he can persuade a court that it was acquired "as a replacement" for the Ford. Your Committee feels uncomfortable with the change proposed by the model UPC. If the decedent's successors are in agreement that the son should inherit the Chrysler, they can always so direct under section 560:3-912. Or the testator could so provide by having a specific devise of "the car I own at the time of my death". In the absence of such an agreement or devise, however, your Committee felt that court time would not be well spent litigating questions of what the decedent intended when he disposed of specifically devised property without simultaneously amending the decedent's will.

11. Section 560:2-703 is amended to make clear that Hawai'i's rules of evidence will govern disputes in Hawai'i probates.

Reason for change: The change is intended to make clear that Hawai'i's law on evidence will govern the disposition of assets passing through Hawai'i probates. As the model UPC language indicates, there may be other public policy reasons for negating a testator's choice of law selection.

12. Section 560:2-709 is amended to make clear that the rules of construction relating to "per stirpes" and "right of representation" apply only to testamentary instruments executed after the effective date of the statute.

Reason for change: The terms "per stirpes" and "right of representation" are used interchangeably, and sometimes concurrently, in many existing wills and trusts in Hawai'i. See *In re Estate of Allen*, 35 Haw. 501 (1940) (the will in question contained a devise which was to be divided amongst the takers "per stirpes by right of representation". 35 Haw. at 508). Some courts hold the terms to be synonymous. See *Johnson v. Huntley*, 39 Wash.2d 499, 236 P.2d 776 (1951). This section could cause different results depending upon which term was used. Your Committee feels that such results should apply prospectively for documents written after the effective date of the section lest there be unintended results in existing estate plans. Other rules of construction, however, would apply to previously drafted instruments. See section 560:8-101(b)(5).

13. Section 560:3-108 and section 560:3-301(a)(1)(vi) are amended to increase the time within which to submit a will for probate from three years to five years and to give the court discretion as to whether or not to later use a will not timely submitted as evidence of ownership of property.

Reason for change: Your Committee prefers existing Hawai'i law which permits probate of a will for up to five years following death. Giving the court discretion to permit a later use of the will to establish title to realty would address the issue implicit in *Martin v. Martin*, 77 Haw. 251 (App. 1994) wherein the court had no choice but to deny the efficacy of a late presented will. In *Martin* there is the suggestion that the will was not timely presented so that the possessor of the will could avoid payment of sums which the will required to be paid as a condition of him inheriting certain realty; under your Committee's language, if a court in a situation like *Martin* believed that to be the case, the court could refuse to permit the will to be used to establish title.

14. Sections 560:3-302 and 560:3-306 are amended (i) to require prior notice of an application for informal probate of a will to heirs and devisees if the person making the application is not a professional fiduciary or a close family member, and (ii) to require that beneficiaries and heirs be specifically notified that the court is available to resolve any disputes about attorneys' fees since they will no longer be set by a statutory schedule.

Reason for change: The Judicial Council Committee had recommended, and S.B. No. 2993 had provided, that advance notice of either informal probate of a will or informal appointment of a personal representative be required. The model UPC only required that notice be given after appointment. The Judicial Council Committee's concern was that a

person may have induced an invalid will from the decedent and that person would be given authority to gather all assets before the decedent's family knew what had happened. Your Committee feels that its language addresses this concern while not requiring advance notice in those instances where the person requesting informal probate is unlikely to be acting in bad faith (e.g. a close family member or a professional fiduciary).

Thus, paragraph (a) of section 560:3-302 is new language. Paragraph (a) of section 560:3-306 tracks model UPC language but adds the reference to a corporate fiduciary and family members. Paragraph (b) of section 560:3-306 is your Committee's language which addresses the "stranger" presenting a will for informal probate. Paragraph (c) of section 560:3-306 is model UPC language.

The requirement that specific reference be made to the availability of the court to address fee disputes was deemed necessary given the long tradition of statutory fees. Consumers may assume that the statutory fee schedule still prevails, this is designed to inform them that fees in probate, as elsewhere, are subject to discussion and negotiation.

15. Section 560:3-407 is amended to make clear that the burden of proof in contested probate cases may shift in the manner prescribed by the rules of evidence.

Reason for change: The Commentary to the model UPC notes that the UPC language sets forth "what is believed to be a fairly standard approach to questions concerning burdens of going forward with evidence in will contest cases." However, the model UPC language does not on its face allow for the shifting of the burden of proof upon proof of certain facts. For example, once a contestant establishes that a testator lacked capacity, the proponent of a will which was thereafter executed has the burden of proving that the will was written during a lucid interval. See *In re Coleman*, 1 Haw.App. 136, 615 P.2d 760 (1980); *Estate of Lopez*, 25 Haw. 197 (1919). In addition, once it is established that the proponent of a will in a confidential relationship with the testator actively procured the execution of the will and unnaturally benefitted thereunder, the burden shifts to the proponent to prove a lack of undue influence. See *Estate of Gelonese*, 36 Cal.App.3d 854, 111 Cal.Rptr. 833, 838 (1974); cf. *Teixeira v. Teixeira*, 40 Haw. 631 (1955) ("The burden of proof where there is a transaction between those standing in a fiduciary relationship is upon the person who held the position of superiority and influence by virtue of the relationship." at 637.) Under the rules of evidence, the presumption of undue influence is one which changes the burden of proof since it is a presumption adopted to implement a public policy. See *Hawai'i Rules of Evidence*, Rule 304(a); *Estate of Gelonese*, *supra*.

Your Committee's additional language is intended to make clear that the burden of proof in will contest cases is subject to change upon proof of requisite facts in the same manner as it is subject to change in other areas of law under the rules of evidence.

16. Section 560:3-606 is amended by adding a new paragraph (6) to insure that bonds in probate do not lapse because of the personal representative's errors.

Reason for change: Paragraph (6) continues existing Hawai'i law and is desirable to insure that the surety's liability will not be extinguished on account of any malfeasance of the personal representative.

17. Section 560:3-715 is amended to make clear that the sale of realty provisions found in sections 531-28.5 and 531-29 are still available should an interested party request judicial intervention.

Reason for change: Existing Hawai'i law requires court confirmation for the sale of realty from probate even if all interested parties agree to the sale terms. The language added to section 560:3-715 reflects your Committee's attempt to balance the desire to treat land sales carefully with the desire to minimize court involvement where the interested parties are in agreement. There is some strong sentiment that the requirement of court confirmation of realty sales should be abandoned completely as in the UPC. That sentiment is fueled by a judgment that the requirement of a court confirmation tends to lead to lower initial offers on probate property since the initial offeror knows that there will be the inherent delay occasioned by court proceedings and, in addition, knows that he or she may be outbid at the court hearing. The contrary view is that the court confirmation leads in some cases to a bidding war which benefits the estate by escalating the sale price. Your Committee's language bows to the wishes of the interested parties: if either the decedent requires, or one of the successors of the decedent's estate demands, the sale must be confirmed by the court.

18. Sections 560:3-801 and 560:3-803 are amended to give the personal representative the option whether or not to publish notice to creditors and to provide a vehicle for trustees of the decedent's trusts to publish notice and thereby compel creditors to timely present their claims or have them barred. If there is no publication, creditors' claims would be barred if not presented within eighteen months after death.

Reason for change: The model UPC gives a choice to enacting Legislatures as to whether or not to require published notice. Strong opposition was expressed in hearings to the requirement of published notice, especially given the expense (around \$300) which was considered unnecessary in a simple probate. By giving published notice, a personal representative can shorten the time within which creditors must present their claims to four months following publication; by changing "shall publish" to "may publish", this language gives the personal representative the choice to save money or to shorten the creditor claim period.

Sections 560:3-801(f) and 560:3-803 are intended to address a nettlesome area of law. The use of revocable living trusts is widespread in Hawai'i. To the extent that the motivating force for such trusts has been probate avoidance, your Committee expects that they will be far less common in the future than they have been in the past. Such trusts are intended as a will substitute. However, there is now no law which specifically addresses the creditor's rights as against assets held in trust and the time limits within which a creditor may seek to exercise whatever rights may exist. Section 560:3-801(f) does not address the substantive issue of the right of a creditor to proceed against the assets in trust, but it does give the representatives of the decedent the right to set up the same time bars as are available in probate if such representatives accord the creditors the same notice to which they are entitled for probate assets.

Finally, section 560:3-803(a)(2) accords creditors eighteen months following death within which to present claims where no notice to creditors is published. The model UPC would give creditors one year while existing Hawai'i law gives them three years. Your Committee feels that eighteen months is a fair balance between the competing desires to wrap up probates quickly and to give creditors adequate time to learn of the death and act thereon.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2993, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2993, S.D. 1, H.D. 1, C.D. 1.

Representatives Tom, Swain, White, Yamane and Kawanakoa,
Managers on the part of the House.

Senators Grauly, Matsunaga, Matsuura, McCartney and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 78 on S.B. No. 2152

The purpose of this bill, as received by your Committee on Conference, is to allow the Department of Education or the University of Hawaii to pay amounts to a qualified custodial account established on behalf of an employee.

This bill also limits the liability of the State, the Department of Education, and the University of Hawaii for sums deferred or the performance of any investment product purchased as part of any 401(k), 403(b) insurance annuity, or 403(b)(7) mutual fund custodial account under Chapter 303, Hawaii Revised Statutes.

Your Committee on Conference has amended this bill by:

- (1) Changing the title of Section 303-3, Hawaii Revised Statutes, from "Premium withholding" to "Agreement to pay amounts", and clarifying in that section that an agreement can be entered into under which the employer shall withhold from the salary of the employee the "amounts paid to", rather than "amount of the premiums payable on account of", the annuity contract or custodial account; and
- (2) Changing the effective date to January 1, 1997.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2152, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2152, S.D. 1, H.D. 2, C.D. 1.

Representatives Lee, Stegmaier, Say, Abinsay, Yonamine and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 79 on S.B. No. 2836

The purpose of this bill, as received by your Committee on Conference, is to reduce employer contributions to the Employees' Retirement System (ERS) by decreasing the salary increase assumption from six and one-half to four percent which is to be used for actuarial valuations of the ERS for the years ending June 30, 1994, to June 30, 2000.

This bill as received also amends the provisions regarding the employers' contributions to the pension accumulation fund by:

- (1) Conditioning any excess earnings credit to the employers upon a five-year average of total earnings that equal or exceed the investment yield rate applied in actuarial valuations; and
- (2) Conditioning the requirement that the employers contribute additional funds in the event of a shortfall upon a five-year average total of earnings less than the investment yield rate.

Upon further consideration and discussion, your Committee on Conference has amended this measure by deleting the provisions dealing with the employers' contributions to the pension accumulation fund in relation to the investment earnings.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2836, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2836, S.D. 2, H.D. 2, C.D. 1.

Representatives Yonamine, Say, Nakasone, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 80 on S.B. No. 2458

The purpose of this bill is to transfer marine patrol functions from the Department of Public Safety (PSD) to the Department of Land and Natural Resources (DLNR), Division of Conservation and Resources Enforcement.

Your Committee finds that to improve and coordinate boating, ocean recreation, and coastal area enforcement programs under Chapter 200, Hawaii Revised Statutes, the marine patrol program should be transferred from the PSD to the DLNR.

Your Committee agrees that the marine patrol functions currently being performed by the PSD belong more appropriately within the DLNR, as recommended by the Auditor in 1992. Your Committee finds that inadequacies continue to exist as the responsibility for enforcement of the shorelines and ocean waters is divided between the two departments, and that increased use of these waters has magnified the need for an expanded and more effective enforcement program.

Upon further consideration, your Committee has amended the bill by adding a section to the bill that amends section 266-24, Hawaii Revised Statutes, to clarify that the Department of Transportation shall enforce Chapter 266, Hawaii Revised Statutes, and any rules adopted thereunder, except for rules relating to the control and management of the beaches encumbered with easements in favor of the public and ocean waters, which shall be enforced by the DLNR.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2458, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2458, S.D. 2, H.D. 2, C.D. 1.

Representatives Santiago, Tom, Say, Tarnas and Anderson,
Managers on the part of the House.

Senators Ikeda, Gaulty, Iwase, Holt and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 81 on S.B. No. 1720

The purpose of this bill is to provide for the creation and registration of limited liability partnerships (LLP), and to establish the requirements which must be met in order for them to do business in the State. The primary purpose of a LLP is to limit the liability of an innocent partner to that person's investment in the LLP. An innocent partner is not individually and personally liable for debts, obligations, and liabilities chargeable to the LLP.

Your Committee has amended the bill as follows:

- (1) By amending Section 1 of the bill which sets forth the new chapter of the Hawaii Revised Statutes (HRS) creating LLPs to:
 - (A) Provide that all LLPs, professional or nonprofessional, shall meet the same financial responsibility requirements, and to provide different ways in which such requirements may be met;
 - (B) Define "professional" LLPs;
 - (C) Prohibit the formation of LLPs for the practice of law;
 - (D) Provide that registration of a foreign LLP is effective at the time of filing the application for registration; and
 - (E) Impose a fee of \$100 for each certification of a domestic or foreign LLP;
- (2) By deleting Sections 2, 4 through 9, and 11 through 13 which were housekeeping amendments to the HRS rendered unnecessary by Act 198, Session Laws of Hawaii 1995;
- (3) By renumbering the remaining sections of the bill;
- (4) By amending section 16, now renumbered as section 6 in the bill as amended by your Committee, to provide that this Act shall take effect on April 1, 1997;
- (5) By making other technical and nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1720, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1720, S.D. 1, H.D. 1, C.D. 1.

Representatives Menor, Say, Jones, Swain and Thielen,
Managers on the part of the House.

Senators Holt, Iwase and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 82 on S.B. No. 2723

The purpose of this bill is to allow the formation of limited liability companies in Hawaii.

This bill is a product of the collaborative effort of the Business Registration Division of the Department of Commerce and Consumer Affairs and the Hawaii State Bar Association Sections on Corporations and Securities and Real Estate and

Finance. The bill is based in significant part on the Uniform Limited Liability Company Act adopted in 1994 by the National Conference of Commissioners on Uniform State Laws, and Hawaii will be the first to adopt this form of the model legislation.

A limited liability company is a hybrid business entity that offers, when properly structured, the limited liability protection of a corporation together with the "pass-through" tax benefits of a partnership. Although there are other business formations, such as S corporations, which offer some of the advantages of a limited liability corporation, this form of business entity offers more flexibility. During the last ten years, limited liability companies have become a popular method of operating many types of businesses.

Your Committee believes that allowing the formation of limited liability companies in Hawaii will provide an attractive incentive for new businesses to be established in the State, and will promote economic development in the State. As Hawaii is one of the few states that does not currently permit the formation of limited liability companies, failure to enact this measure would only encourage businesses to go elsewhere.

Your Committee has amended the bill by correcting internal section references, and making technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2723, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2723, S.D. 2, H.D. 1, C.D. 1.

Representatives Menor, Tom, Say, Suzuki, Yoshinaga and Ward,
Managers on the part of the House.

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

Conf. Com. Rep. 83 on S.B. No. 641

The purpose of this bill, as received by your Committee on Conference, is to provide a grant-in-aid of \$3 to allow community cable television stations to videotape legislative proceedings for recablecast at convenient viewing times for residents of Maui, Kauai, and Hawaii counties.

Your Committee on Conference notes that an appropriation of \$62,000 for the same purpose was passed by the Legislature during the First Special Session of 1995 (Act 5, Section 9), but funds have not yet been released.

Your Committee on Conference has amended this measure by:

- (1) Deleting Section 2 and substituting instead an amendment to Section 9 of Act 5, First Special Session of 1995, extending the appropriation of \$62,000 to fiscal year 1996-1997, and changing the expending agency from the Department of Commerce and Consumer Affairs to the Legislative Reference Bureau; and
- (2) Changing the effective date to June 28, 1996.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 641, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 641, S.D. 2, H.D. 1, C.D. 1.

Representatives Kanoho, Say, P. Oshiro and Marumoto,
Managers on the part of the House.

Senators Ikeda, Fukunaga, Tanaka, Taniguchi, Liu and Ihara,
Managers on the part of the Senate.

Conf. Com. Rep. 84 on S.B. No. 1735

The purpose of this bill is to consolidate the revolving funds for the small fishing vessel and large fishing vessel purchase, construction, renovation, maintenance, and repair loan programs as part of the Hawaii capital loan revolving fund. The bill also authorizes the Department of Business, Economic Development, and Tourism to transfer funds between the Hawaii capital loan revolving fund and the State disaster revolving loan fund in addition to the Hawaii innovation development fund.

Your Committee finds that fiscal efficiency can be achieved by consolidating the specific fishing vessel revolving funds into the much more broadly based capital loan fund. Your Committee also finds that the statutory provisions of chapter 210, and parts II and IV of chapter 189, Hawaii Revised Statutes, are broad enough to allow loans for the large and small fishing vessel loan programs to be made from the capital loan fund.

Your Committee on Conference has amended this bill by limiting the amount of funds that can be transferred annually by the Department to an aggregate of \$1,000,000 in addition to technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1735, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1735, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Say, Abinsay, Jones and Marumoto,
Managers on the part of the House.

Senators Ikeda, Matsunaga, Baker, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 85 on S.B. No. 2552

The purpose of this bill is to effectuate the reorganization of state government by:

- (1) Establishing legislative policies for reorganization; and
- (2) Mandating the Governor to develop implementation strategies that focus on the feasibility of:
 - (a) Consolidating specified administrative and business departments; and
 - (b) Reorganizing the remaining departments and offices of state government listed under section 26-4, Hawaii Revised Statutes, for future implementation.

Your Committee has amended this bill by deleting the Department of Budget and Finance from the list of administrative departments in Section 3 which the Governor is required to consolidate, and adding that Department to the list of departments in Section 5 which are to be examined by the Governor for possible reorganization for future implementation.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2552, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2552, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Cachola, Yonamine, Say and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Iwase, Kawamoto, Solomon, Tanaka, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 86 on S.B. No. 3232

The purpose of this bill is to provide government services more efficiently and to enable the Office of the Governor to better focus on important policies by:

- (1) Abolishing the Office of State Planning (OSP);
- (2) Transferring the OSP's planning and related responsibilities to the Department of Business, Economic Development, and Tourism (DBEDT);
- (3) Transferring the responsibility for the Coastal Zone Management Program from OSP to the Department of Land and Natural Resources; and
- (4) Transferring personnel, records, equipment, authorization, and funds of OSP to the appropriate agency or department.

Your Committee has amended this bill by substituting its provisions with provisions to:

- (1) Rename the OSP to Office of Planning (OP), and renaming the Director of OSP to Director of OP;
- (2) Transfer the OP to the Department of Business, Economic Development, and Tourism;
- (3) Amending specific functions of OP to:
 - (A) Add planning and coordination for a statewide planning and geographic information system;
 - (B) Delete population planning and capital investment planning;
 - (C) Add development and coordination of the implementation of the ocean resources management plan, and formulation of ocean policies regarding economic zone, coral reefs, and natural marine sanctuaries; and
 - (D) Add regional, national, and international planning; and
- (4) Providing for the transfer of rights, powers, functions, duties, and employees.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3232, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3232, S.D. 2, H.D. 2, C.D. 1.

Representatives Say, Yonamine, Jones, Nakasone and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Tanaka and Taniguchi,
Managers on the part of the Senate.

Conf. Com. Rep. 87 on S.B. No. 2087

The purpose of this bill, as received by your Committee on Conference, is to establish the school entrepreneurship special fund, establish a school-run business venture in a public school, and require the State to pay workers' compensation premiums for students paid wages by an employer when the student is enrolled in a department of education or University of Hawaii student internship program.

Upon further consideration, your Committee on Conference has amended this measure by:

- (1) Deleting the provisions establishing the school entrepreneurship special fund and the school-run business venture;
- (2) Inserting a provision exempting public schools from the state procurement code for procurements of less than \$5,000 for goods, services, or construction, and including prohibitions against multiple purchases and parcelling to avoid the procurement code;
- (3) Directing the revisor of statutes to conform the amendments to section 300-52, Hawaii Revised Statutes, with any recodification of the education statutes;
- (4) Changing the effective date to upon approval; and
- (5) Making nonsubstantive, technical changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2087, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2087, S.D. 1, H.D. 2, C.D. 1.

Representatives Stegmaier, Tom, Say, Santiago and Halford,
Managers on the part of the House.

Senators Ikeda, Chumbley, Bunda, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 88 on S.B. No. 2090

The purpose of this bill is to improve the safety of pesticide use by:

- (1) Establishing the Pesticide Use Revolving Fund (Revolving Fund) to provide funding for certain Department of Agriculture (DOA) programs relating to pesticides;
- (2) Establishing an annual licensing fee of \$75 for all pesticides regardless of use classification;
- (3) Increasing the penalty for certain pesticide violations; and
- (4) Imposing a twenty-day time limit in which to request an administrative hearing for a pesticide violation.

Also included in the bill are changes to the penalty provisions of section 149A-41(b), Hawaii Revised Statutes, that would enable the Department of Agriculture to take meaningful enforcement actions. Your Committee finds that when private applicators and other individuals distribute pesticides, or apply pesticides for a fee, they are subject to lower penalties than individuals who are licensed as dealers or commercial applicators. The bill would establish equity in enforcement responses when private applicators and other individuals act in the capacity of a dealer or commercial applicator.

Your Committee finds the measure provides the DOA with the means to support the Department's pesticide program's registration and licensing, certification and education, and compliance monitoring activities. The DOA is also mandated to expend revolving fund moneys on the establishment of pesticide training workshops, educational programs, and other services for pesticide users such as the agricultural pest control industry, the structural pest control industry, and consumer users of pesticides. Moneys from the revolving fund may also be used for the purchase of services, materials, and equipment.

Throughout its deliberations on this measure this session, your Committee finds that the Department of Agriculture has issued licenses to sell approximately 7,268 pesticides in the State. Of these licenses, approximately 370 are for restricted-use pesticides. The current fee is \$15 for general-use pesticides and \$30 for restricted-use pesticides and the licenses are valid for three years.

Your Committee also finds that it has been fifteen years since the last pesticide licensing fee increase and that the establishment of a \$75 fee was a compromise proposed during the 1994 legislative session when the Department of Agriculture sought to increase the pesticide licensing fees to \$200 per product per year. However, your Committee understands that Hawaii represents a relatively small market, especially for agricultural chemicals. All the crops grown here are considered minor crops and too large a fee increase may result in registrants pulling out of the Hawaiian market to the detriment of Hawaiian agriculture.

Upon further consideration, your Committee has amended the bill by:

- (1) Placing all revenues derived from the licensing and registration fees and charges collected by the DOA under section 149A-13(b), Hawaii Revised Statutes, to be deposited into the Pesticide Use Revolving Fund, rather than just one-third of the revenues;
- (2) Establishing a \$250,000 ceiling on the amount that the Pesticide Use Revolving Fund may retain as an annual balance and providing that any revenues collected in excess of the \$250,000 pursuant to this measure be deposited in the State General Fund;
- (3) Providing the DOA with the flexibility to increase or decrease pesticide licensing fees;
- (4) Clarifying that the moneys expended from the Pesticide Use Revolving Fund for training, education, and other services for industry and consumer groups shall be done so in a manner that appropriately addresses the needs of each category of pesticide user;
- (5) Specifying that the annual reports required to be submitted to the Legislature also include the amounts spent for training, education, and other services for industry and consumer groups; and
- (6) Modifying the appropriation section of the bill to authorize expenditures by the DOA of up to \$250,000 for fiscal year 1996-1997 from the Pesticide Use Revolving Fund, rather than appropriating funds from the State General Fund for deposit into the Pesticide Use Revolving Fund for such use.

Your Committee believes that the amendments contained in the bill will enable the Department of Agriculture to better regulate pesticide use in the State.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2090, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2090, S.D. 2, H.D. 2, C.D. 1.

Representatives Swain, Say, Herkes, Jones, Kahikina and Halford,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 89 on S.B. No. 2278

The purpose of this bill is to:

- (1) Require the Director of Finance to transfer funds from the Agriculture Loan Revolving Fund under section 155-14, Hawaii Revised Statutes, to the general fund for fiscal year 1996-1997 for agricultural research and development;
- (2) Appropriate funds for agricultural research and development, which is to be performed by the Hawaii Agriculture Research Center (HARC); and
- (3) Provide two matching fund provisions with regard to the appropriation.

Your Committee recognizes that to ensure the viability of agriculture in the State, it is important to continue agricultural research and development efforts to maintain and improve current crops grown across the State and to develop new crops. As such, the Hawaii Agriculture Research Center plays an essential role in sustaining agriculture in the State.

The HARC provides not only necessary agricultural research for sugarcane, but many other agricultural products as well. Funding the HARC will provide the various components of the State's agricultural industry with the opportunity to be more productive and, therefore, more successful.

Upon further consideration, your Committee has amended the bill by:

- (1) Deleting the provisions that require the Director of Finance to transfer funds from the Agriculture Loan Revolving Fund under section 155-14, Hawaii Revised Statutes, to the general fund for fiscal year 1996-1997 for agricultural research and development;
- (2) Inserting the amount of \$1,000,000 as the appropriated amount for the HARC;
- (3) Inserting the amount of \$10,000,000 in annual statewide crop sales as the threshold that triggers the dollar-for-dollar matching fund requirement for agriculture research by the HARC; and
- (4) Placing a ceiling of \$250,000 that may be released unmatched for exploratory agricultural research and development, and providing a 3:1 public dollar to private dollar ratio for matching funds for research for other agricultural commodities.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2278, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2278, S.D. 2, H.D. 1, C.D. 1.

Representatives Morihara, Say, Jones, Swain and Ward,

Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Kawamoto and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 90 on S.B. No. 2333

The purpose of this bill is to transfer the responsibility for purchase of service contracts under chapter 42D, Hawaii Revised Statutes (HRS), to the State Procurement Office (SPO) effective July 1, 1998. This bill:

- (1) Amends chapter 42D, HRS, to apply only to grants and subsidies, to remove references to purchases of service, and to eliminate the executive coordinating council and the advisory council; and
- (2) Amends chapter 103D, HRS, to apply to purchase of service contracts.

Your Committee has amended the bill to generally synthesize both the House and Senate positions, by deleting its provisions and replacing them with provisions that:

- (1) Provide that responsibility for all purchase of service contracts shall be transferred to the SPO effective July 1, 1998, and provide a two-year transition period;
- (2) Provide that the administrator will work with all interested purchase of service providers and affected departments to develop a purchase of service procedure;
- (3) Amend Act 194, Session Laws of Hawaii 1992, to extend the sunset provision of chapter 42D, HRS, from July 1, 1996, to July 1, 1998;
- (4) Increase the period for which purchase of service contracts may be authorized from two to four years;
- (5) Require the administrator of the SPO to develop a transition plan by December, 1996, to develop necessary and desirable planning and procurement procedures; and
- (6) Provide for staffing and support, and an appropriation of \$90,000.

It is the Committee's intent that all interested purchase of service providers have equal access and input into the development of a new purchase of service contract procedure. It is the Committee's further intent that all costs and expenses associated with the state employees loaned to the SPO shall not be charged to the SPO, but shall be borne by the lending departments to the same extent as if the employees were not on loan.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2333, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2333, S.D. 1, H.D. 1, C.D. 1.

Representatives Say, Kawakami, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Kawamoto, Taniguchi and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 91 on S.B. No. 2522

The purpose of this bill is to establish the Hawaii health systems corporation, a public corporation and body-politic of the State, for the purpose of administering the State's community hospitals. The corporation consists of a chief executive officer, a thirteen-member corporate board, five regional boards of no fewer than seven-members, and thirteen health facilities. This bill grants powers, duties, and privileges to the corporation which facilitate the autonomous operation of the community hospitals by the regional boards, including among other things, an exemption from the State's procurement code. This bill also creates a separate civil service system for the employees of the corporation and provides for the orderly transfer of employees from the division of community hospitals to the corporation.

Your Committee on Conference amended this bill by:

- (1) Reforming the corporate board to an eleven-member board, consisting of one member from each of five regions, five at-large members, and the Director of Health, serving in an ex-officio, voting capacity;
- (2) Eliminating the regional boards and, commencing on the transfer date, replacing them with regional public health management advisory committees which would provide regional advisory input to the corporation and to the Governor in the appointment process;
- (3) Substituting Senate confirmation of gubernatorial appointees for House of Representatives confirmation;
- (4) Restricting the number of exempt employees that can be appointed by the chief executive officer of the corporation to eighteen;
- (5) Adding a prohibition against the sale, transfer, or alienation of a substantial portion of the corporation's assets;
- (6) Adding the corporation's right to use the legal services of the attorney general;

- (7) Prohibiting the corporation's use of contractual or business relationships to undermine the collective bargaining representation within the corporation, except to the extent that such relationships have been allowed as of the 1995-1996 fiscal year;
- (8) Adding records from peer review proceedings and medical records to the list of documents exempt from the requirements of chapter 92F, Hawaii Revised Statutes;
- (9) Adding a budget oversight provision which maintains legislative oversight over the corporation's budgets and any substantial reduction or elimination of services;
- (10) Deleting the allowance for substantial reduction of services due to the failure of the Legislature to act before the convening and closing of one legislative session after being notified of such proposed action;
- (11) Deleting the requirement that the Legislature provide alternatives to substantial reduction or elimination of services if it chooses to intervene; and
- (12) Providing that the contributions for employee benefits of transferred employees shall be paid by the corporation.

Your Committee on Conference also made numerous technical, non-substantive changes for purposes of style and consistency.

It is your Committee on Conference's intention and understanding that all regional public health management advisory committee meetings shall be subject to chapter 92, Hawaii Revised Statutes. It is your Committee on Conference's further intention and understanding that surpluses generated by a public health facility will not be retained by that facility, and instead shall be transferred to the corporation for use and distribution according to its budgets.

Your Committee on Conference stresses that the purpose of establishing the corporation is not primarily to force the community hospitals system to be profitable or even to break even, although that is certainly a worthwhile objective, and it is expected that a benefit of the new corporate structure will be a more efficient, and therefore a more cost-effective, system. The purpose and overriding goal of this bill is to provide better health care for all of the people in the State of Hawaii, including those served by small rural facilities, by freeing the facilities from unwarranted bureaucratic oversight. If there is a conflict between appropriate health care and "bottomline" decisions, quality health care should be given precedence to the extent reasonably possible.

Your Committee on Conference believes the members of the corporation board and the management advisory committees should remain ever cognizant of the great fiduciary responsibility that they have to the public and the residents of their respective regions, and carefully weigh any decisions that they make while considering this important obligation. Due to the critical nature of their responsibilities, their decisions should be based upon a prudent business person standard.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2522, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2522, S.D. 1, H.D. 2, C.D. 1.

Representatives Pepper, Kawakami, Hamakawa, Isbell and Anderson,
Managers on the part of the House.

Senators Ikeda, Levin, Fernandes Salling, Kawamoto, Solomon, Tanaka and Liu.
Managers on the part of the Senate.

Conf. Com. Rep. 92 on S.B. No. 2795

The purpose of this bill is to provide emergency funding for child and adolescent mental health programs.

Your Committee finds that this appropriation is necessary to prevent the reduction or discontinuance of payments for services to emotionally disturbed children and adolescents and to respond to the requirements of the Felix v. Waihee consent decree.

Your Committee on Conference has amended this bill by specifically stating that the total amount appropriated is \$5,902,756. Your Committee intends that this amount be allocated among the following entities and purposes:

- (1) University of Hawaii, School of Medicine;
- (2) Emergency Residential Placements;
- (3) Acute Psychiatric Services;
- (4) Wraparound Services;
- (5) School Based Services;
- (6) Hearing Impaired Contract Services;
- (7) Operational Costs for the State Implementation Team; and

(8) Personal Services Funding.

Your Committee has also deleted section 2 of the bill which contained language relating to exceeding the general fund expenditure ceiling.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2795, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2795, S.D. 2, H.D. 2, C.D. 1.

Representatives Pepper, Say, Jones, Kawakami and Marumoto,
Managers on the part of the House.

Senators Ikeda, Levin, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 93 on S.B. No. 2902

The purpose of this bill is to change from July 1, 1998 to July 1, 2002, the date after which the salary of the president of the University of Hawaii will be set by the Legislature.

Your Committee on Conference has amended the bill by changing the proposed July 1, 2002 date to July 1, 2011.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2902, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2902, H.D. 1, C.D. 1.

Representatives Lee, Say, Nekoba, Shon and Marumoto,
Managers on the part of the House.

Senators Ikeda, Ige, Iwase, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 94 on S.B. No. 2913

The purpose of this bill is to require that contractors obtain a tax clearance from the Director of Taxation and the Internal Revenue Service as a prerequisite to entering into a public contract of \$10,000 or more. The bill provides the following:

- (1) A contractor must provide a state and federal tax clearance as a prerequisite to entering into a public contract;
- (2) State or county contracting officers shall withhold payment in the final settlement of a contract until the receipt of tax clearances, and, if not received within six months, the final settlement payment shall be assigned to offset the tax liability; and
- (3) An assignee of a contract, as a condition precedent to the assignment, must first obtain a bulk sales certificate if required by law, and present the certificate, or a tax clearance if the certificate is not required by law, to the state or county contracting officer.

These requirements do not apply to emergency purchases under section 103D-307, Hawaii Revised Statutes; procurements of less than \$10,000 (although the contracting officers may apply the provisions); to contractors who are in good standing under a plan whereby the delinquent taxes are being paid; and to situations where a tax appeal has been filed. The bill further provides that a state or county contracting officer violating these provisions is subject to a \$1,000 fine and a one year prison term. Lastly the bill appropriates \$1 for the purposes of the Act.

Your Committee has amended the bill by adding a requirement that progress payments shall be assigned to the appropriate taxing authority if the contractor fails to timely file all tax returns, or pay all taxes during the contract. The bill has been further amended by deleting section 3 of the bill, the appropriation section. Your Committee finds that no additional funds are necessary as the Department of Taxation is able to implement this bill with existing resources.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2913, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2913, H.D. 1, C.D. 1.

Representatives Tom, Say, Herkes, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 95 on S.B. No. 3108

The purpose of this bill, as received by your Committee on Conference, is to dissolve the governing board of the Clean Hawaii Center (Center) and authorize the Department of Business, Economic Development, and Tourism (DBEDT) to assign committees to provide advice and direction for the operation of the Center until its closure in 1999.

Your Committee on Conference finds that while the ambitious waste reduction goals established by the Legislature in 1991, and reaffirmed in 1994 with the establishment of the Center, are still desirable, the lack of financial, political, and administrative support will not allow them to be reached at this time.

Your Committee on Conference believes that the dissolution of the governing board will provide the Center with a more cost-efficient and flexible framework to assist the emerging recycling industry in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Deleting a reference to "the board" in Section 3(h)(5) of Act 202, Session Laws of Hawaii 1994, as amended by Act 2, Special Session Laws of Hawaii 1995;
- (2) Providing that the governing board shall cease to exist on June 30, 1996, rather than "on approval of this Act", as provided in House Draft No. 1;
- (3) Requiring that committees appointed by DBEDT to provide advice and direction for the operation of the Center include representatives from the neighbor islands; and
- (4) Making a technical, nonsubstantive amendment to include all amendments to Act 202, Session Laws of Hawaii 1994, as amended by Act 2, Special Session Laws of Hawaii 1995, in one section of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3108, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3108, S.D. 2, H.D. 1, C.D. 1.

Representatives Herkes, Kawakami, Jones, Morihara and Marumoto,
Managers on the part of the House.

Senators Ikeda, Matsunaga, Tam, Fukunaga and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 96 on S.B. No. 3135

The purpose of this bill, as received by your Committee on Conference, is to require the Director of Finance to notify the Legislature, prior to making modifications or reductions in allotments, in which the modifications or reductions exceed 2.5 percent of the total general fund appropriation.

Upon further consideration, your Committee on Conference has amended this bill by specifying that the Director of Finance shall notify the president of the Senate, the speaker of the House of Representatives, and the chairpersons of the Senate Committee on Ways and Means and the House of Representatives Committee on Finance, regarding any such modifications or reductions.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3135, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3135, S.D. 1, H.D. 1, C.D. 1.

Representatives Say, Jones, Kawakami and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Kawamoto, Solomon and Taniguchi,
Managers on the part of the Senate.

Conf. Com. Rep. 97 on S.B. No. 107

The purpose of this bill, as received by your Committee on Conference, is to transfer the functions and authority of the office of collective bargaining to the Department of Human Resources Development.

Upon further consideration, your Committee on Conference finds that section 89-11(d), Hawaii Revised Statutes, provides a process of arbitration for the resolution of an impasse involving disputes between a public employer and the exclusive representative of the optional appropriate bargaining unit (11), firefighters. Your Committee further finds that pursuant to a communication from the Governor dated March 12, 1996, the final and binding decision of the arbitration panel for the appropriate bargaining unit (11), firefighters, has been rendered and appropriations are required to fund the cost items.

Thus, your Committee on Conference has amended this measure by deleting its contents and substituting the following provisions:

- (1) An appropriation of special funds in the amount of \$130,265 in fiscal year 1995-96 and \$406,713 in fiscal year 1996-97 to fund cost items for employees in collective bargaining unit 11;
- (2) An appropriation of special funds in the amount of \$8,000 in fiscal year 1995-96 and \$22,850 in fiscal year 1996-97 to fund salary increases and cost adjustments for excluded employees; and
- (3) An effective date of July 1, 1996.

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

Representatives Yonamine, Say, Ito, Suzuki and Marumoto,
Managers on the part of the House.

Senators Kanno, Ikeda, Baker and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 98 on S.B. No. 865

The purpose of this bill as received is to provide for the limited liability of the government for beach, ocean, park, and recreational facilities use.

One of Hawai'i's crowning glories is the beaches that surround each island. Millions of residents and visitors visit the beaches each year for recreation, sport, and relaxation. However, the beaches are a natural resource, untameable by human effort, and are subject to the forces of nature, including dangerous shorebreaks and swift currents. Your Committee finds that an equitable balance must be struck that balances the privilege of enjoying the public beaches and the duty and ability of the government to take reasonable measures to provide adequate warning of potential danger.

Your Committee has amended this bill by removing its contents and replacing it with language that would provide the State and counties with protection from liability for injuries caused by dangerous shorebreaks, strong currents, or other extremely dangerous natural conditions at state and county beach parks.

This bill would establish the duty of the State and counties to warn of dangerous shorebreaks or strong ocean current if the conditions are extremely dangerous, typical for the beach, and if they pose a risk of serious injury or death. Signs approved by the Chairperson of the Board of Land and Natural Resources warning of these conditions shall be conclusively presumed to be legally adequate to warn of these conditions. The bill does not require warning to be given of other extremely dangerous conditions, but permits the State and counties to obtain the same legal presumption for those conditions if the State or county responsible for the beach posts approved warning signs. The bill specifically provides that it will not have an impact on the duties and responsibilities of lifeguards, other than the duty to warn as set out in the bill.

The bill establishes the task force on beach and water safety to consult with the Board of Land and Natural Resources on the design and placement of warning signs, devices, and systems. The bill shall be repealed by operation of law on June 30, 1999.

Your Committee finds that the system established by this bill will increase public safety, reduce ocean-related accidents and injuries, and protect the State and counties from unlimited liability.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 865, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 865, S.D. 2, H.D. 2, C.D. 1.

Representatives Tom, Ito, Suzuki, White and Ward,
Managers on the part of the House.

Senators Grauly, Iwase, Matsunaga and Tam,
Managers on the part of the Senate.

Conf. Com. Rep. 99 on S.B. No. 2145

The purpose of this bill, as received by your Committee on Conference, is to allow the Superintendent of Education to acquire land and facilities for public schools through lease-purchase agreements, and to authorize the superintendent to administer the school construction program, including preparing a budget and providing annual reports to the Legislature.

Upon further consideration, your Committee on Conference has amended this measure by:

- (1) Deleting the provisions authorizing the superintendent to administer the school construction program, including preparing a budget and providing annual reports to the Legislature;
- (2) Authorizing the Department of Education, rather than the Superintendent, to enter into agreements;
- (3) Including authorization to enter into leases for facilities and land;
- (4) Making agreements subject to approval by the comptroller; and
- (5) Making nonsubstantive, technical changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2145, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2145, S.D. 1, H.D. 2, C.D. 1.

Representatives Stegmaier, Say, Kawakami, Tarnas and Anderson,
Managers on the part of the House.

Senators Ikeda, Chumbley, Baker, Kawamoto and Liu,

Managers on the part of the Senate.

Conf. Com. Rep. 100 on S.B. No. 2264

The purpose of this bill is to provide an additional source of funding for legal services for indigent persons through a surcharge on filing fees for civil cases.

Your Committee on Conference finds that the poor often lack the wherewithal to speak up for legal rights many people take for granted. There are certain rights, obligations, and benefits that the poor may not know they have. Often, if allowed or required to be unrepresented, the indigent litigant places greater burdens on the judicial system in terms of time. By placing a surcharge on certain filings in civil actions, the cost of providing for indigent legal services will be spread across a wide band of persons.

Your Committee on Conference has amended this bill by including two more types of civil actions for which no surcharge shall be assessed: petitions for protective orders and actions by any party proceeding on behalf of a county or the State.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2264, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2264, S.D. 2, H.D. 2, C.D. 1.

Representatives Tom, Say, M. Oshiro, Saiki and Ward,
Managers on the part of the House.

Senators Ikeda, Grauly, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 101 on H.B. No. 2452

The purpose of this bill is to establish a timetable to proceed with the conversion to an employer-union trust concept for determining and administering public employee and retiree health benefits.

Specifically, this bill:

- (1) Requires the Director of Finance to establish a committee to develop and recommend a proposal to implement the employer-union trust concept;
- (2) Mandates public employers, public employee organizations, retired public employee organizations, and the Public Employees Health Fund to work together on the proposal;
- (3) Requires the Director of Finance to submit a report of the committee's proposal to the Legislature before the 1997 regular session;
- (4) Repeals chapter 87, Hawaii Revised Statutes (HRS), upon the enactment of legislation establishing an employer-union trust structure and identifying and transferring remaining public employer financial obligations; and
- (5) Prohibits the Public Employees Health Fund from expending unencumbered moneys as of April 1, 1996, for upgrading its existing computer system.

Your Committee has amended this bill by:

- (1) Deleting the provision that retired employee organizations and the Public Employees Health Fund work on the proposal;
- (2) Deleting the provision requiring the repeal of chapter 87, HRS;
- (3) Deleting the section prohibiting the Public Employees Health Fund from expending moneys to upgrade its existing computer system;
- (4) Changing the effective date to upon approval; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2452, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2452, H.D. 3, S.D. 1, C.D. 1.

Representatives Yonamine, Say, Ito, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 102 on H.B. No. 2642

The purpose of this bill is to clarify the Public Employees' Health Fund (Fund) law for those employees who retire from state or county employment.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Clarifying that the provision regarding state and county contributions to the Fund does not apply if an employee is hired prior to July 1, 1996, and transfers employment after June 30, 1996;
- (2) Defining "transfer" as leaving state or county employment and returning to state or county employment within seven calendar days; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2642, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2642, H.D. 1, S.D. 1, C.D. 1.

Representatives Yonamine, Say, Isbell, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Tanaka and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 103 on H.B. No. 1257

The purpose of this bill is to authorize the University of Hawaii (University) Board of Regents to establish mechanisms so that the University can adopt a plan for the development of its programs and to increase its fiscal autonomy.

This measure also provides for:

- (1) Suspension of unnecessary tuition waivers;
- (2) Authority to the Board of Regents to adopt a tuition schedule; and
- (3) Retention of all tuition and fees collected by the University.

Among the tuition waivers affected were those for the National Guard.

In 1995, general funding for the Hawaii Army and Air National Guard amounted to \$5,100,000. The federal government provides \$141,300,000 to the Hawaii National Guard for its federal mission, particularly the staffing of the 29th Infantry Brigade. The National Guard remains under state control and is also committed to its state mission.

Your Committee finds that there is a compelling state interest to support a strong and viable national guard. The Legislature received overwhelming testimony in support of H.B. No. 3890 and S.B. No. 2374, which established tuition waiver/assistance programs for guard members to attend the University of Hawaii. Senate conferees proposed deleting the contents of the bill and inserting the contents of H.B. No. 3890.

Upon careful consideration, your Committee has amended this bill by:

- (1) Authorizing the Adjutant General to award tuition assistance to qualified persons in the Hawaii National Guard who are:
 - (A) Residents of the State; and
 - (B) Undergraduate students working toward a degree on any campus of the University; and
- (2) Appropriating \$400,000 for fiscal year 1996-1997 to provide tuition assistance to the Hawaii National Guard.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1257, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1257, H.D. 2, S.D. 2, C.D. 1.

Representatives Lee, Say, Nekoba, Takai and Marumoto,
Managers on the part of the House.

Senators Ikeda, Ige, Iwase, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 104 on H.B. No. 3583

The purpose of this bill is to provide the University of Hawaii (University) with a greater level of fiscal autonomy by:

- (1) Eliminating the statutorily prescribed categories of students who are deemed exempt from nonresident tuition and fee differentials at the University;
- (2) Authorizing the Board of Regents to waive or reduce tuition fees for students, resident or nonresident;

- (3) Providing for an unspecified percentage of the revenues to be deposited into the University of Hawaii Research and Training Revolving Fund (Fund);
- (4) Removing the \$2,500,000 ceiling on moneys held in the Fund;
- (5) Requiring that no revenues in the Fund be used to reduce University budget requests or allotments unless requested by the University;
- (6) Allowing the Board of Regents to authorize expenditures from this Fund to generate private donations for deposit into the University of Hawaii Foundation; and
- (7) Repealing the provision with respect to financial aid.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Requiring that 100 percent of the total amount of indirect overhead revenues generated by the University from research and training be deposited into the University of Hawaii Research and Training Revolving Fund;
- (2) Authorizing the Board of Regents to expend 84 percent of the revenues deposited in the Research and Training Revolving Fund;
- (3) Clarifying that section 1 is to take effect on January 1, 1997; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3583, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3583, H.D. 2, S.D. 2, C.D. 1.

Representatives Lee, Say, M. Oshiro, Shon and Halford,
Managers on the part of the House.

Senators Ikeda, Ige, Iwase, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 105 on H.B. No. 3954

The purpose of this bill is to require the Center for Labor Education and Research (Center) at the University of Hawaii at Manoa to:

- (1) Provide credit and non-credit labor studies courses; and
- (2) Develop or acquire the means necessary to offer credit and non-credit labor studies programs via distance education throughout the State.

Your Committee on Conference notes that this measure is not an expansion of existing programs or a legislative mandate for new programs that would require any additional funds pursuant to Act 161, Session Laws of Hawaii 1995. This measure simply transfers the Center and its current personnel and funding from the University of Hawaii, Manoa campus to the West Oahu campus.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Transferring the Center from the University of Hawaii Manoa campus to the West Oahu campus;
- (2) Repealing the requirement that the Center utilize the smallest practicable permanent staff for its direction and operation;
- (3) Providing that current staffing and funding of the Center be transferred to the University of Hawaii, West Oahu;
- (4) Providing general statutory language regarding the transfer of all officers and employees from one agency to another;
- (5) Providing general statutory language regarding the transfer of records and equipment between agencies; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3954, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3954, H.D. 2, S.D. 1, C.D. 1.

Representatives Lee, Say, Nakasone, Takumi and Halford,
Managers on the part of the House.

Senators Ikeda, Ige, Kawamoto, Taniguchi and Liu,

Managers on the part of the Senate.

Conf. Com. Rep. 106 on H.B. No. 2800

The purpose of this bill is to provide supplemental appropriations for the Executive branch by amending the General Appropriations Act of 1995 (Act 218, Session Laws of Hawaii 1995).

INTRODUCTION

Ten years ago, the State was basking in a period of prolonged and unprecedented economic growth and expansion. Simultaneous booms in the housing, construction, tourism, and business sectors led to several years of sustained and robust economic growth. State expenditures increased and government programs expanded, at a feverish pace. To many people, the strength and growth potential of Hawaii's economy appeared limitless.

For much of this decade, Hawaii's economy has been stagnant--the heady years of sustained and robust growth now only a reminder of better times and the constant need to exercise fiscal restraint. During the 1994 and 1995 legislative sessions, your Committee noted that a positive economic turnaround over the short-term was not likely to occur. As predicted, the State has experienced severe downward fluctuations in general fund revenues during the past two fiscal years.

Although the Council on Revenues recently adjusted its economic forecast for the 1995-1996 fiscal year from 2.2 percent growth to 3 percent growth, the State cannot afford to become complacent about or shy away from making needed changes to state fiscal policies. Economic issues, including the substantial increase in state spending, the lack of new job opportunities, and the high cost of living, continue to weigh heavily on the minds of local businesses and residents; and a national survey recently rated Hawaii's economy as the weakest in the nation.

Your Committee has repeatedly stated that the fiscal policies of the State must be changed and made more appropriate to the fiscal crises that have dogged the State since the halcyon years of prolonged and unprecedented economic growth and expansion. Your Committee has also repeatedly stated that the State must evaluate its past and present fiscal practices and proceed with the development of new practices to ensure fiscal responsibility in the future. Your Committee advocates strategies such as down-sizing, consolidating duplicative functions, and phasing out direct service delivery programs to regain control over state expenditures.

BUDGET STRATEGIES TO MANAGE THE STATE FISCAL DEFICIT

To deal with the state fiscal deficit, your Committee explored and implemented the following budget strategies.

Budget Cuts

Budget cuts are never easy to make but they were necessary to help eliminate the State's fiscal deficit. Your Committee reduced the budget of every department except the Department of Public Safety. Total general fund reductions are approximately \$140,000,000 for fiscal year 1995-1996 and approximately \$130,000,000 for fiscal year 1996-1997.

Not all departments were affected equally by the foregoing budget cuts. Agencies with other funding sources, such as earmarked revenues, were not affected as adversely as agencies that rely wholly on general fund support. As a result, the agencies most impacted by the budget cuts were the Departments of Accounting and General Services, Budget and Finance, Education, Human Services, and Health, and the University of Hawaii. Because of the size of these budget cuts, your Committee is concerned about their impacts on the delivery of state-provided services and the integrity of public service.

When budget cuts of this magnitude are made, state employees will be certainly impacted through the elimination of their jobs. In fact, this bill has eliminated approximately eight hundred eighty state positions. Your Committee takes no pleasure in laying off state employees to help eliminate the State's fiscal deficit, and is very much concerned about the welfare of each individual who will be laid off. To minimize future layoffs, your Committee--through another measure--has proposed the use of furloughs to reduce the workweek and, consequently, the pay of state employees. Under this furlough plan, services would be affected only minimally and further position cuts may be avoided.

Consolidating Programs

Consolidating programs and departments that have overlapping or related functions or customers can make more effective use of limited personnel and program resources. Your Committee significantly down-sized certain programs, as well as consolidated certain essential programs, to make more effective use of these resources. Specifically, the Office of Affirmative Action has been abolished and its functions transferred to the Office of the Governor. In addition, the Governor's Agriculture Coordinating Committee has been transferred from the Office of the Governor to the Department of Agriculture to streamline agriculture-related activities such as research and marketing.

Restructuring Programs

Your Committee attempted to improve the efficiency of certain programs by restructuring them. For example, your Committee supported the Department of Commerce and Consumer Affairs' continuing move toward self-sufficiency. Your Committee approved all of the Department's requests for increases in special and revolving fund expenditures since the Department's move toward self-sufficiency depends on these increases, as well as increases in certain user fees.

In addition, your Committee made the following adjustments with respect to the reorganization of the Office of the Governor:

- (1) The Office of Statewide Volunteer Services and the Office of Information have been folded into the Office of the Governor;
- (2) The Governor's Agriculture Coordinating Committee has been attached to the Department of Agriculture;
- (3) The coastal zone management function and the land use, state plan, and spatial data systems functions of the Office of State Planning have been folded into the Department of Business, Economic Development, and Tourism;
- (4) The at-risk teen, the preschool open doors, and the child care development programs of the Office of Children and Youth have been folded into the Office of Youth Services in the Department of Human Services; and
- (5) The Executive Office on Aging has been attached to the Department of Human Services.

Management Efficiencies

Management efficiency improvements make better use of existing personnel, facilities, and equipment to achieve state program goals. For example, your Committee provided the Department of Commerce and Consumer Affairs with an \$800,000 increase in special fund expenditures to pay for the upgrade of the Department's computer equipment and software, and telephone system. These upgrades will allow for faster processing and more information transfer to the Housing Finance and Development Corporation.

Funding Shifts

To reduce general fund spending, your Committee, where appropriate, changed the source of funding for state programs that provide specific benefits to individuals or businesses from general funds to user fees. For example, your Committee recognized the importance of revenue-generating programs in the area of environmental protection. By generating their own revenues, certain environmental protection programs can become self-sufficient. By changing the means of financing certain environmental protection programs, your Committee can relieve the State of its general fund obligation to these programs. This action is expected to decrease general fund expenditures by approximately \$500,000 for fiscal year 1996-1997.

Defer Ongoing Expenditures

Your Committee approved a payroll "lag" of two weeks (or one payroll period) for state employees to provide a one-time savings of \$47,000,000.

Exhaust Existing Surplus/Borrow from Other Funds

Your Committee transferred excess moneys in certain special funds, revolving funds, and trust funds to the general fund.

COMMITTEE HIGHLIGHTS

Economic Development

With limited prospects of an immediate infusion of revenue to cover the state fiscal deficit, your Committee curtailed or held to a minimum all activities that could have an adverse impact on the economy. The lackluster earnings of the State over the past several years reflect persistent and ongoing weaknesses in Hawaii's economy and require bold and creative leadership. Toward these ends, your Committee has instituted a number of proposals--in this bill and other measures reported out by your Committee--to boost the economic prospects of the State.

Tourism

In recognition of the significant role the visitor industry plays in the economy of the State, your Committee attempted to expand tourism development by appropriating an additional \$2,000,000 for the Hawaii Visitors Bureau to promote Hawaii as a visitor destination, requiring the establishment of an owner-controlled insurance program for the Convention Center, and establishing a Convention Center Training Program to familiarize Convention Center employees with the customs and needs of international convention visitors.

Health

Although your Committee recognizes the important role that the State plays in public health care, your Committee also realizes that the State is facing severe fiscal constraints. During fiscal biennium 1995-1997, health programs and services were restricted by more than \$21,000,000. These restrictions caused the Department of Health to shift available resources from secondary to primary public health programs. Likewise, many of the Department of Health's most crucial programs were forced to take severe reductions. In addition, the Department of Health has been forced to cope with a continual drain on resources due to the United States Department of Justice's settlement agreement with the Hawaii State Hospital and the Felix vs. Cayetano consent decree.

To counteract these public health care budget constraints, your Committee reduced operating funds for various programs and reallocated these funds among the public's more acute areas of concern. Your Committee realizes that the AIDS/STD community is under tremendous strain for prevention and treatment services. In addition, your Committee also understands the effects that both alcohol and drug abuse has on our courts and prison system. Accordingly, moneys for other programs were reallocated for these services.

In keeping with the intent of Act 189, Session Laws of Hawaii 1995, your Committee continued to support the eventual closure of Waimano Training School and Hospital. To further pursue the State's efforts to capture federal revenues, your Committee has added additional funds for the medical waiver program for developmentally disabled persons. These moneys will help to ensure that the deinstitutionalization of Waimano Training School and Hospital continues in a timely manner.

Of major concern to your Committee is the *Felix vs. Cayetano* consent decree. Because of the consent decree, the Department of Health has been obligated to request an additional \$20,000,000 for the 1995-1997 fiscal biennium. To lessen this impact in the future, your Committee has directed the Department of Health to analyze the cost and service benefits that health care management principles can offer in the State's continued good faith efforts to comply with the consent decree and yet maintain a prudent level of funding.

Human Services

Your Committee remains dedicated to providing for the less fortunate members in our community despite the State's challenging fiscal situation. In anticipation of significant changes to federal funding for human services programs, and faced with rising caseloads in the State's public assistance programs, your Committee supported a number of measures to accommodate these circumstances within the limits imposed by available resources, while still protecting the State's neediest citizens.

Your Committee supported recommendations to restructure the Aid to Families with Dependent Children (AFDC) program in anticipation of federal block granting for the program. Able-bodied individuals receiving AFDC will be expected to work, and will be allowed to keep more of their earned income as an incentive to do so. In addition, the federal government has mandated that an employment assistance program be in place to aid those persons required to work. Therefore, your Committee supported the continuation of the State's newly refocused JOBS program, and has funded the JOBS program with savings from reforms in the AFDC program. Savings from welfare reform have also been allocated to the Office of Youth Services to protect vital programs for at-risk youths.

Your Committee recognizes that the State must also provide assistance for those persons not eligible for the AFDC program. The General Assistance (GA) program, despite reduced funding, will continue to provide time-limited assistance for this group. In addition, your Committee supported measures that will ensure that those persons most in need can be covered in other programs as well. Much of the disabled population will be supported in the Payments to Assist the Aged, Blind and Disabled Program, while GA families will be supported in the AFDC program following an expected federal rule change.

The State's success in providing health care for its most vulnerable citizens has been commended around the nation, but success in the form of broad participation in the QUEST program has also led to rising costs. In addition, a recent lawsuit has threatened to increase costs further. Therefore, your Committee supported health care measures that will preempt action by the courts and contain costs within the current appropriation, while providing quality, affordable health care.

Education

Once again, supporting education is your Committee's highest priority. Through the restoration of proposed budget cuts and by providing for the Department of Education's workload needs, your Committee has reaffirmed its commitment to one of the most fundamental of state institutions: the classroom. Your Committee has been deeply troubled by the air of alarm surrounding the issue of funding for public schools. The education of Hawaii's children must be driven by reason, not panic.

Currently, one out of every four dollars received by the state general fund from taxes and other sources is allocated to the Department of Education. When factoring in the education-related costs of other departments, this figure climbs to one out of every three dollars. Given the fact that eighteen other departments, including the University of Hawaii, vie for the remaining two-thirds of the state general funds, the portion of the budget devoted to the Department of Education reflects the Governor's and Legislature's strong commitment to education. This is not to say that additional funding for education is not warranted--your Committee does not subscribe to this view. Rather, your Committee will continue its efforts to find more resources that can be provided directly to the classroom.

Your Committee's first priority was to meet the Department of Education's workload increase. During fiscal year 1995-1996, the Department of Education was required to reallocate one hundred three non-instructional teaching positions back to the classroom. Of the positions identified by the Legislature, the Department successfully reassigned thirty-three positions.

While your Committee has questions surrounding the inability of the Department to make a more sincere effort in meeting this mandate, your Committee must concern itself first with ensuring that there are adequate levels of staffing for Hawaii's classrooms. To this end, your Committee has authorized the establishment of and provided funds for seventy-seven new instructional positions. These positions represent just a part of the \$5,200,000 in funding for new teachers and school-level administration, custodians and cafeteria workers, resources for new facilities, and projected increases in utilities costs. With this budget, your Committee has ensured that adequate resources are maintained for the regular instructional program.

Your Committee was also concerned with the reductions to the A+ after-school instructional program. While fee increases for the A+ program were inevitable, your Committee was able to restore \$1,500,000 in funds for the program. Your Committee feels that quality, supervised after-school care is invaluable to Hawaii's working families, who already have too few child care options.

Through this budget, your Committee has also addressed the most pressing issues brought forward under the Felix vs. Cayetano consent decree regarding mental health and education services for children. In a recent status conference, the federal monitor overseeing the State's implementation of the system observed that "[t]he practice of education and the provision of services has not significantly changed or improved for class members during the past 18 months."

In reviewing the consent decree budget submitted by the Department of Education, your Committee provided \$1,300,000 in funding and staffing for the most immediate needs, including special education positions, home and hospital instruction, staffing for summer school for the disabled, and funding for the implementation administration.

Higher Education

Because of the magnitude of the budget reductions already imposed upon the University of Hawaii, your Committee believes that the University cannot sustain further reductions in the 1996-1997 fiscal year. Your Committee finds that the \$14,000,000 in budget reductions proposed for the University by the Governor are too severe. Accordingly, your Committee did not approve the budget reductions proposed by the Governor.

Instead of imposing further budget reductions on the University of Hawaii, your Committee believes that the University should be granted the flexibility to deal creatively with its fiscal problems. The Legislature demonstrated its commitment to this approach with the passage of Act 161, Session Laws of Hawaii 1995, which enabled the University of Hawaii to exercise greater flexibility over the use of tuition revenues. In keeping with this philosophy, your Committee fully supported measures to:

- (1) Assist in the University of Hawaii's effort to move toward becoming a more autonomous entity;
- (2) Establish a mechanism to allow the community colleges to address fiscal problems more effectively;
- (3) Allow the University to assess and retain certain fees as a source of additional revenue; and
- (4) Make adjustments to the University's non-general fund expenditure ceiling to provide it with greater flexibility to apply and distribute revenues received from tuitions.

Public Safety

Your Committee took steps to address the two major issues confronting in public safety: prison overcrowding and substance abuse. Ten positions and \$295,915 were appropriated for a new eighty-bed dormitory at the Maui Community Correctional Center. In addition, thirty-three positions and \$1,069,088 were appropriated for the new sixty-four-bed Olomana Cottage at the Women's Community Correctional Center to comply with consent decree mandates.

In an ongoing effort to control prison overcrowding, your Committee appropriated funds to transfer three hundred Hawaii inmates to a correctional facility in the State of Texas. An emergency appropriations bill was passed by the Legislature to fund the first six months of this transfer, and \$4,778,000 was appropriated for the second year of a three-year contract to house these inmates in Texas. The transfer of these inmates is expected to save the State of Hawaii approximately \$672,000 per year.

Steps have been taken to better address the current substance abuse epidemic within Hawaii's inmate population. The successful KASHBOX drug treatment program was provided an additional four positions and \$177,450. Because inmates are physically transferred to the KASHBOX program, this drug treatment program also frees up much needed bed space within other correctional facilities.

SUMMARY

Your Committee finds that this budget addresses the needs of the State within the constraints of the current fiscal crisis. This budget represents a responsible financial plan reflecting the current economic downturn while addressing the needs of the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2800, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2800, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Abinsay, Chang, Isbell, Ito, Jones, Kahikina, Kanoho, Kawakami, Nakasone, Nekoba, M. Oshiro, Suzuki, Marumoto and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Bunda, Fernandes Salling, Fukunaga, Kanno, Kawamoto, Solomon, Tanaka, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 107 on H.B. No. 3300

The purpose of this bill is to provide the supplemental appropriations for the Office of Hawaiian Affairs (OHA) by amending the biennial budget (Act 19, Special Session Laws of Hawaii, 1995).

Your Committee finds that although OHA did not submit any proposed revisions to the biennium budget, fiscal conditions in the State require that budgets for all agencies be scrutinized carefully.

The discussion, however, did raise the possibility of OHA assuming more responsibility for the funding of its personnel. Your Committee felt that because OHA does provide services to individuals not meeting the blood quantum requirement, using the trust to wholly fund these positions would be inappropriate at this time. After review, your Committee felt that OHA could increase its share of the funding of some positions from fifty percent trust funded to seventy-five percent trust funded. This measure reflects this revised funding schedule.

In addition to a review of funding for personnel, your Committee also reviewed expenditures made for travel and found that OHA had spent substantial amounts of both trust and general funds for travel, subsistence, and vehicle rental. Your Committee recommended that given these austere times, general funds supporting travel for OHA should be eliminated.

Finally, in Report No. 93-28, "Management and Financial Audits of the Office of Hawaiian Affairs," the Legislative Auditor found that OHA and the Legislature treat OHA's revenues from the public land trust as "special funds" when they should be designated as "trust funds." The Legislative Auditor recommended that the Legislature change the designation of the "Means of Financing" of OHA's public land trust revenues from "special funds" to "trust funds" in all budget and fiscal related matters.

In response to the Legislative Auditor's recommendations, this measure amends Act 19 to change the designation of the means of financing of appropriated items from "special funds" to "trust funds."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3300, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3300, S.D. 1, C.D. 1.

Representatives Say, Abinsay, Chang, Isbell, Ito, Jones, Kahikina, Kanoho, Kawakami, Nakasone, Nekoba, M. Oshiro, Suzuki, Marumoto and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Bunda, Fernandes Salling, Fukunaga, Kanno, Kawamoto, Solomon, Tanaka, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 108 on H.B. No. 3650

The purpose of this bill is to provide the supplemental appropriations for the Judiciary by amending the Judiciary Appropriations Act of 1995 (Act 18, Special Session Laws of Hawaii, 1995).

In keeping with the departments of the executive branch, the Judiciary identified reductions of almost \$4,400,000 for fiscal year 1995-1996. Your Committee was encouraged to see the Judiciary voluntarily make these reductions and has applauded its effort to provide greater scrutiny over its expenditures.

Of the amounts reduced in fiscal year 1996-1997, the Judiciary requested to reallocate approximately \$2,200,000 for various expenses.

The revised budget, while requesting the reallocation of reduced funds, reflected a total that was still \$1,900,000 less than what was previously budgeted for the prior fiscal year.

While your Committee recognizes the efforts of the Judiciary in reducing expenditures to keep in line with the rest of state government, it feels the funds for new activities and equipment should be limited to maintaining core functions of the Judiciary and the general protection of the public.

With this in mind, your Committee provided funding for the following:

- (1) Increased authorization for the Supreme Court Law Library for reference materials;
- (2) Increased security for the Circuit and Family Courts;
- (3) Necessary repair and maintenance of air-conditioning, facilities, and the video arraignment and court conferencing systems;
- (4) Restoration of funds lost as a result of the early retirement incentive plan (ERIP);
- (5) Purchase of courtroom computers and computer data cabling;
- (6) Attorney's fees for Family Courts; and
- (7) Restoration of executive restrictions for the Domestic Violence Legal Hotline and Domestic Violence Clearinghouse Services.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3650, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3650, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Abinsay, Chang, Isbell, Ito, Jones, Kahikina, Kanoho, Kawakami, Nakasone, Nekoba, M. Oshiro, Suzuki, Marumoto and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Bunda, Fernandes Salling, Fukunaga, Kanno, Kawamoto, Solomon, Graulty, Tanaka, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 109 on H.B. No. 2644

The purpose of this bill is to enable the State and the counties to meet their obligations to public employees for contributions to the Employees' Retirement System (ERS), while providing them with additional cash flow to meet pressing public needs.

More specifically, this bill would:

- (1) Delete the provision requiring the State and counties to pay additional amounts required to meet the investment yield rate for each preceding year;
- (2) Delete the provision to accelerate liquidation of unfunded benefit obligations of the ERS by the State and counties; and
- (3) Reduce state and county contributions to the ERS by:
 - (a) Revising the actuarial valuations of the ERS for the years ending June 30, 1994, to June 30, 2000; and
 - (b) Reducing the assumed salary increase rate for determining the actuarial valuations from 6.5 to 4 percent.

Your Committee has amended this bill by deleting its contents and inserting amendments that would:

- (1) Delete the provision to accelerate liquidation of unfunded benefit obligations of the ERS by the State and counties; and
- (2) Authorize the ERS to employ or retain an attorney.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2644, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2644, H.D. 1, S.D. 2, C.D. 1.

Representatives Yonamine, Say, Nakasone, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 110 on H.B. No. 3340

The purpose of this bill is to amend the duties of the Comptroller to improve government operations, resulting in savings to the State.

Specifically, this bill:

- (1) Gives the Department of Accounting and General Services discretion in whether to preaudit Executive Branch proposed payments of less than \$10,000;
- (2) Eliminates the requirement to publish the State's annual financial statements in a newspaper;
- (3) Allows the Department of Human Services to implement an electronic benefits transfer system for financial assistance and food stamps; and
- (4) Establishes specific procedures for collecting overpayments of salary or wages.

Your Committee has amended this bill by providing that a person whose salary is to be withheld for indebtedness to the government has fifteen days to request a hearing or the person will be deemed to have waived the right to a hearing.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3340, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3340, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kahikina, Kanoho, Kawakami, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 111 on H.B. No. 3342

The purpose of this bill is to improve the administration of the Interagency Federal Revenue Maximization Revolving Fund (Fund) by:

- (1) Providing for deposit into the Fund all proceeds collected from third-party payors;
- (2) Specifying that up to twenty percent of the maximized revenues received by the State for services attributable to the Department of Human Services be appropriated for state or federally mandated programs; and
- (3) Appropriating funding to pay for the contracted consultants for the Federal Revenue Maximization Project for fiscal years 1996-1997 and 1997-1998.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Deleting the provision specifying that up to twenty percent of the maximized revenues received by the State for services attributable to the Department of Human Services be appropriated for state or federally mandated programs; and
- (2) Appropriating \$2,000,000 for fiscal year 1996-1997 to meet federal funding match requirements for state or federally mandated programs administered by the Department of Human Services and the same for programs administered by the Department of Health; provided that funds be released on the basis of \$1 of general revenues for every \$5 of revenues received for services attributable to the respective departments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3342, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3342, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kahikina, Kanoho, Kawakami, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Fukunaga, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 112 on H.B. No. 3389

The purpose of this bill is to avoid jeopardizing the ratings of the State's bonds by establishing policies and controls over lease purchase transactions used to acquire facilities and equipment.

Your Committee has amended this bill by:

- (1) Authorizing the Director of Finance to petition the Supreme Court for an opinion on whether municipal leases count against the State's debt limit;
- (2) Deleting requirements for approval by the Attorney General beyond form and legality;
- (3) Increasing the scope of review of the Director of Finance by deleting the provision limiting the review to financial reasonableness; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3389, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3389, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kanoho, Kawakami, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Fernandes Salling, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 113 on H.B. No. 3554

The purpose of this bill is to authorize the Department of Taxation to replace its computer systems with new, modernized integrated tax systems. The bill also limits financing agreements entered into for this purpose to ones which will result in a total savings of at least \$5,000,000 over the life of the agreement.

Your Committee has amended this bill by:

- (1) Providing the appropriation over a two-year period rather than divided between each year; and
- (2) Requiring that the Director of Finance not approve any financing arrangement if it will not result in increased tax collections and savings of at least \$5,000,000 over the life of the performance-based contract.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3554, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3554, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kanoho, Kawakami, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 114 on H.B. No. 3565

The purpose of this bill is to prevent the application of qualified property leases, or the creation or release of liens or encumbrances, as bulk sales or transfers under the General Excise Tax Law.

In 1995, the Legislature passed two conflicting measures affecting bulk sales and transfers. Act 120, Session Laws of Hawaii (SLH) 1995, strengthened penalty provisions of bulk sales and transfers, while Act 92, SLH 1995, deleted existing penalty provisions.

Your Committee on Conference has amended this measure to rectify this error by repealing section 14 of Act 92, SLH 1995, which deleted penalty provisions for bulk sales and transfers.

In addition, your Committee on Conference has also amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3565, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3565, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kanoho, Kawakami, Nakasone and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 115 on H.B. No. 3852

The purpose of this bill is to facilitate the issuance of special purpose revenue bonds to ETV Hawaii/Elephant Television, Inc., by authorizing the issuance of taxable special purpose revenue bonds, increasing the authorized amount of the special purpose revenue bonds from \$6,000,000 to \$8,000,000 and extending the lapsing date for issuance from June 30, 1998 to June 30, 2001, so that the five year delay would not be held against ETV Hawaii/Elephant Television.

The goal of ETV Hawaii/Elephant Television, Inc. is to provide television and film industry production and training to Hawai'i residents. Part of that effort involves creating a full service film and television production facility in the State. Your Committee believes that a film and television production facility will accrue positive economic benefits and opportunities for Hawaii's film, television, and computer industries.

Under Hawaii law, any interest received from special revenue bonds are exempt from gross income tax. The interest on state bonds are also generally exempt from federal taxation provided that Internal Revenue Code Section 103 applies. However, it is your Committee's understanding that when the special revenue bonds are not tax-exempt under the Internal Revenue Code, that under current state law, the Legislature must explicitly authorize the issuance of special revenue bonds which are taxable for federal purposes.

The Legislature first authorized the issuance of special purpose revenue bonds under Act 278, Session Laws of Hawaii (SLH) 1991, to assist ETV Hawaii/Elephant Television, Inc., as a processing enterprise. Act 278, SLH 1991, was amended two years later by Act 240, SLH 1993, to reclassify the issuance under part V of chapter 39A, Hawaii Revised Statutes, as an industrial enterprise. It became apparent that under current federal tax law, these bonds would not qualify under the Internal Revenue Code as Section 103 tax exempt state bonds and could therefore, not be issued as tax exempt bonds.

Accordingly, your Committee has amended this bill by:

- (1) Increasing the amount of the bonds from \$8,000,000 to \$10,000,000; and
- (2) Changing the effective date from July 1, 1997, to become effective upon approval.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3852, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3852, S.D. 2, C.D. 1.

Representatives Herkes, Nakasone, Jones, White and Marumoto,
Managers on the part of the House.

Senators Ikeda, Matsunaga, Baker, Fukunaga and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 116 on H.B. No. 3968

The purpose of this bill is to statutorily establish the Hawaii Employers' Mutual Insurance Company (HEMIC).

The bill also provides the Insurance Commissioner with the power to aggressively pursue savings realized by the reforms made to the State's workers' compensation laws that were enacted in Act 234, Session Laws of Hawaii 1995, by

authorizing the Insurance Commissioner to annually review rates and, if necessary, pass on savings to insureds in the assigned risk pool in the form of reduced premiums.

HEMIC replaces the existing workers' compensation assigned risk pool to provide workers' compensation coverage for Hawaii employers, including employers who have in good faith, but without success, sought workers' compensation insurance in the voluntary market.

Your Committee finds that an adequate and available workers' compensation insurance market is necessary for the economic welfare of the State, and that without workers' compensation insurance, the orderly growth and economic development of the State would be impeded. Adequate insurance for worker's compensation is necessary to enable employers to satisfy their legal obligation under chapter 386, Hawaii Revised Statutes.

The workers' compensation assigned risk pool was established to provide coverage for employers whose job classifications have a high risk of employee injury or illness. However, many Hawaii businesses have been placed in the assigned risk pool merely because they are small businesses, not because they are high risks. The assigned risk pool is a growing market that has increased steadily for the last ten years and presently is the largest market share of workers' compensation insurance. For policy year 1994, approximately thirty percent of Hawaii's businesses were in the assigned risk pool.

Your Committee also finds that at least four states have established employers' mutual insurance companies in response to workers' compensation problems in their states. The policyholders of these companies are actively involved in the running of the companies. These entities write a significant market share in their respective state and provide a full range of workers' compensation services.

The purpose of HEMIC would be to provide:

- (1) Workers' compensation coverage to employers of the State at the highest level of service with the lowest possible cost, consistent with reasonable applicable actuarial standards and the sound financial integrity of the company; and
- (2) The highest standard of workplace safety and loss prevention to encourage employer involvement and to respond to each policyholder's experience, practice, and operating effectiveness.

HEMIC would be allowed to issue debentures once, payable solely from premiums received from insurance policies and other revenues received by the company for the initial operating expenses of the company.

Upon further consideration, your Committee has amended the bill by:

- (1) Making extensive technical, nonsubstantive amendments to ensure the proper administration of HEMIC;
- (2) Removing the state and county government division from HEMIC's membership;
- (3) Reducing the number of voting board members to eight division members and one public, at-large member to reflect the deletion of the state and county government division;
- (4) Reducing the terms of three, four, and five years of the initial board members of HEMIC who are appointed by the Governor to one year terms;
- (5) Reducing the term of the initial public, at-large board member of HEMIC who is appointed by the board to a one year term;
- (6) Allowing the initial board members to determine the length and staggering of future board members;
- (7) Prohibiting any single term of a board member from exceeding three years; and
- (8) Adding a section to the bill that reestablishes the assigned risk pool in the event that HEMIC's Certificate of Authority is revoked by the Insurance Commissioner.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3968, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3968, H.D. 2, S.D. 1, C.D. 1.

Representatives Yonamine, Menor, Say, Suzuki and Thielen,
Managers on the part of the House.

Senators Kanno, Ikeda, Baker, Kawamoto, Solomon, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 117 on H.B. No. 3512

The purpose of this bill is to:

- (1) Improve the administration of the workers' compensation law;
- (2) Reduce workers' compensation costs;

- (3) Facilitate compliance with Act 234, Session Laws of Hawaii (SLH) 1995; and
- (4) Provide workers' compensation insurance coverage to volunteer police chaplains.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Limiting the medical examination fees for examinations ordered by the Director of Labor;
- (2) Requiring the Insurance Commissioner to effect a moratorium and not approve any rate level increase in workers' compensation insurance during the period July 1, 1996, to January 31, 1997;
- (3) Requiring all authorized insurers transacting workers' compensation insurance in the voluntary market in this State to:
 - (A) Identify overall cost savings resulting from the implementation of Act 234, SLH 1995; and
 - (B) Apply the cost savings as a rate reduction of the rates for all policies containing workers' compensation coverage;
- (4) Requiring the workers' compensation residual market to:
 - (A) Identify overall cost savings resulting from the implementation of Act 234, SLH 1995;
 - (B) Apply the cost savings as a rate reduction of the rates for all policies containing workers' compensation coverage; and
 - (C) Apply, equitably to all policyholders, any cost savings from the implementation of Act 234, SLH 1995;
- (5) Requiring any workers' compensation rating or advisory organization to:
 - (A) Identify overall cost savings resulting from the implementation of Act 234, SLH 1995; and
 - (B) Apply the cost savings to a prospective loss cost that is in effect and filed during the period from November 1, 1997, to October 31, 1998;
- (6) Providing that in the event the Hawaii Employers' Mutual Insurance Company (HEMIC) begins issuing policies, HEMIC is required to:
 - (A) Identify overall cost savings in its rate filings resulting from the implementation of Act 234, SLH 1995, and H.B. No. 3968; and
 - (B) Apply, equitably to all policyholders, any cost savings to all workers' compensation insurance policies issued and annually renewed through January 31, 1999;
- (7) Requiring that all rates or loss costs for workers' compensation insurance comply with the provisions contained in chapter 431, Hawaii Revised Statutes; and
- (8) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3512, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3512, H.D. 2, S.D. 1, C.D. 1.

Representatives Yonamine, Menor, Tom, Say, Suzuki and Thielen,
Managers on the part of the House.

Senators Kanno, Ikeda, Baker, Kawamoto, Solomon, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 118 on H.B. No. 3548

The purpose of this bill is to make an emergency appropriation for the Department of Public Safety (PSD) for fiscal year 1995-1996 to reimburse the PSD programs for program funds expended to transfer 300 inmates to correctional facilities in Newtown County, Texas.

Your Committee has amended this bill by:

- (1) Inserting \$2,463,750 as the amount to be appropriated for reimbursing the various programs of PSD for funds taken from such programs and expended to transfer 300 inmates to correctional facilities in Texas;
- (2) Deleting the reference to Newtown County;
- (3) Deleting the language which pertains to exceeding the general fund expenditure ceiling; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3548, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3548, H.D. 1, S.D. 2, C.D. 1.

Representatives McMurdo, Say, Abinsay, Case and Meyer,
Managers on the part of the House.

Senators Ikeda, Gaulty, Baker, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 119 on H.B. No. 3505

The purpose of this bill is to:

- (1) Attach the Reproductive Rights Protection Committee (Protection Committee) to the Department of Health (DOH) for administrative purposes instead of the State Planning Council on Developmental Disabilities; and
- (2) Eliminate the Protection Committee's authority to hire staff.

Your Committee on Conference has amended this bill by deleting the provision that the Act not be implemented until a memorandum of understanding between the DOH and the Protection Committee has been executed and submitted to the Governor as it is your Committee's understanding that such condition has been satisfied.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3505, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3505, H.D. 1, S.D. 1, C.D. 1.

Representatives Tom, Say, Isbell, White and Thielen,
Managers on the part of the House.

Senators Ikeda, Levin, Baker, Kanno and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 120 on H.B. No. 3538

The purpose of this bill is to ensure fair procedures and access to compensation for victims of crime under the Criminal Injuries Compensation Act by:

- (1) Specifying the period an applicant who is dissatisfied with a determination by the administrator of the Criminal Injuries Compensation Commission has to file a written appeal as within sixty days of the mailing of a certified copy of the decision and order;
- (2) Setting the cap on reasonable attorney's fees for an award in excess of \$1,000 from no more than fifteen percent of the award to a maximum of \$150;
- (3) Amending the law to allow the commission to reconsider their order or decision in the absence of an appeal;
- (4) Clarifying that the time period an applicant aggrieved of a decision by the commission may request reconsideration is within thirty days of mailing the order to the applicant's last known address;
- (5) Expanding the persons eligible for compensation from family members to any person who has incurred expenses on account of a deceased victim's injuries and death; and
- (6) Allowing the denial of a claim in its entirety if an applicant makes a false statement or representation of a material fact.

Your Committee on Conference has amended this bill by providing that if the claim has already been paid and the applicant has made a false statement or representation of a material fact then the applicant will be required to reimburse the commission.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3538, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3538, H.D. 2, S.D. 1, C.D. 1.

Representatives Tom, Say, M. Oshiro, Yoshinaga and Thielen,
Managers on the part of the House.

Senators Ikeda, Gaulty, Fernandes Salling, Fukunaga and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 121 on H.B. No. 3656

The purpose of this bill is to establish a trust fund for the benefit of the Judiciary History Center (Center) and authorize the operation of a concession at the Center.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the trust fund shall consist of private, federal, and public contributions, which do not include any state funding;
- (2) Referring to the friends of the Judiciary History Center in this bill as the "friends";
- (3) Defining the purposes of the Center through reference to section 6F-5; and
- (4) Specifying that any blind vendor operating a vending facility before January 1, 1996, not be displaced.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3656, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3656, H.D. 2, S.D. 2, C.D. 1.

Representatives Tom, Say, Kahikina, White and Ward,
Managers on the part of the House.

Senators Ikeda, Grauly and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 122 on H.B. No. 2729

The purpose of this bill is to make the Hawaii Omnibus Criminal Forfeiture Act permanent and to ensure that it is fair to persons claiming an interest in the property subject to forfeiture by:

- (1) Creating an affirmative defense which limits the scope of the forfeiture judgment to the extent that it is grossly disproportionate to the owner's conduct and the considerations to be used by the court in making a determination;
- (2) Changing the State's initial burden of proof standard in section 712A-12, Hawaii Revised Statutes, from that of "probable cause" to the higher standard of "preponderance of the evidence" that a defendant's property is subject to forfeiture;
- (3) Allowing both the defendant and the State the right to present evidence and witnesses, and to cross-examine the witnesses, in a forfeiture proceeding; and
- (4) Making the Hawaii Omnibus Criminal Forfeiture Act permanent by repealing its sunset provision.

Your Committee on Conference has amended this bill by:

- (1) Replacing the purpose clause in the bill;
- (2) Replacing the affirmative defense language with the previous excessive forfeiture provisions which require an owner to prove that a forfeiture is grossly disproportionate to the nature and severity of the owner's conduct and specifies the criteria that the court may use in making this determination; and
- (3) Correcting the language by making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2729, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2729, H.D. 2, S.D. 1, C.D. 1.

Representatives Tom, Say, Nekoba, White, Yamane and Ward,
Managers on the part of the House.

Senators Ikeda, Grauly, Solomon, Tanaka and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 123 on H.B. No. 50

The purpose of this bill is to enable the Commission on Persons with Disabilities (Commission) to better implement accessibility guidelines for persons with disabilities by, among other things:

- (1) Requiring that plans and specifications for the construction of public buildings and facilities of the State and counties, subject to chapter 103, Hawaii Revised Statutes (HRS), be prepared so the buildings and facilities:
 - (a) Are accessible to and usable by persons with disabilities; and
 - (b) Conform to the Americans with Disabilities Act Accessibility Guidelines as adopted and amended by the Architectural Access Committee;
- (2) Deleting the provision requiring the Comptroller and the Director of Finance to provide an annual report to the Legislature of the buildings and facilities donated to the State and counties during the year;
- (3) Allowing the Architectural Access Committee, instead of the Director of Health, to adopt rules pursuant to chapter 91, HRS;

- (4) Reducing the number of:
 - (a) Members on the Hawaii State Coordinating Council on Deafness (Council) from thirteen to five members; and
 - (b) Deaf, hard-of-hearing, or deaf-blind persons, or immediate family members of the Council from seven to three members, and requiring that those persons be knowledgeable about communication access;
- (5) Deleting the island residency requirements with respect to the appointment of Council members by the Governor;
- (6) Requiring the Council to maintain a list of providers of communication access services and their level of qualifications;
- (7) Deleting provisions requiring the Council, subject to legislative appropriations, to coordinate the payment of interpreter services under chapter 103, HRS;
- (8) Eliminating the requirement exempting the hiring of the Architectural Access Committee staff from the Civil Service Law and the Compensation Law;
- (9) Deleting the quorum requirement of the Commission.

Your Committee on Conference has amended this bill by reinstating the requirement that the Council coordinate the payment of interpreter services.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 50, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 50, H.D. 2, S.D. 2, C.D. 1.

Representatives Tom, Chun Oakland, Say, White and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Fernandes Salling, Solomon, Taniguchi and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 124 on H.B. No. 3344

The purpose of this bill is to appropriate funds to satisfy claims against the State for overpayment of taxes, refunds, reimbursements, payments of judgments or settlements, or other liabilities.

At the request of the Attorney General, your Committee has amended this bill by adding thirteen additional claims that were recently settled by the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3344, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3344, H.D. 2, S.D. 1, C.D. 1.

Representatives Tom, Say, Nekoba, Saiki and Ward,
Managers on the part of the House.

Senators Ikeda, Baker, Bunda, Fukunaga and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 125 on H.B. No. 2636

The purpose of this bill is to establish an electronic prescription accountability system to monitor the prescribing and dispensing of certain controlled substances.

Your Committee has amended this bill by changing the sum appropriated from \$1 to \$170,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2636, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2636, H.D. 2, S.D. 1, C.D. 1.

Representatives Pepper, Tom, Say, Hamakawa, White and Anderson,
Managers on the part of the House.

Senators Ikeda, Gaulty, Fukunaga, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 126 on H.B. No. 3493

The purpose of this bill is to create a special fund for the deposit of revenues derived from newborn metabolic screening services to be used for supporting related expenditures.

Your Committee advocates screening newborn infants for metabolic diseases, and this bill creates a funding mechanism for that purpose. In this regard, your Committee is adamant that expenditures from the special fund focus on the identification of metabolic diseases among newborns rather than the creation of a bureaucracy that perpetuates itself for its own sake.

The bill has been amended by:

- (1) Inserting the amount of \$4.00 as the charge to birthing facilities for each newborn screening kit;
- (2) Requiring the panel to submit the plan to provide newborn screening services no later than twenty days prior to the convening of the Regular Session of 1997 instead of no later than December 31, 1996; and
- (3) Making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3493, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3493, H.D. 2, S.D. 2, C.D. 1.

Representatives Pepper, Kawakami, Abinsay, Chun Oakland and Anderson,
Managers on the part of the House.

Senators Ikeda, Levin, Baker, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 127 on H.B. No. 3498

The purpose of this bill is to:

- (1) Allow the Director of Health (Director) to appoint, exempt from civil service requirements and subject to designated salary caps, certain Hawaii State Hospital positions;
- (2) Replace the children's mental health services branch of the Department of Health (DOH) with a children's mental health services division (Division) to coordinate the delivery of services to children and youth through a private managed care organization and oversee the execution of the contract;
- (3) Abolish the DOH's statewide interdepartmental cluster for services to children;
- (4) Eliminate the children's mental health services teams and their functions within each community mental health center.
- (5) Have the Division, rather than the children's mental health services teams, coordinate with the schools in identifying and referring for treatment children in need of mental health services;
- (6) Make the DOH responsible for carrying out the terms of any adjudication or settlement of any legal action involving children's mental health; and
- (7) Authorize the Director to create twenty positions exempt from civil service requirements to carry out the purposes of the Act; provided that the twenty positions are eliminated on July 1, 2001.

After careful consideration, your Committee has amended this bill by deleting most of its provisions and retaining only the language in the bill that:

- (1) Authorizes the Director to appoint, exempt from civil service requirements, positions for the Hawaii State Hospital; and
- (2) Provides that the DOH is responsible for the coordination of carrying out the terms of any adjudication or settlement of legal action involving the delivery of children's mental health services in Hawaii.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3498, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3498, S.D. 2, C.D. 1.

Representatives Pepper, Say, Chun Oakland, Kawakami, Marumoto and Stegmaier,
Managers on the part of the House.

Senators Ikeda, Kanno, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 128 on H.B. No. 3332

The purpose of this bill is to permit the Governor, by executive order, to grant an exemption from the State's animal quarantine requirements to resident guide dogs, service dogs, and signal dogs (collectively defined as "utility dogs"). Under the bill, resident utility dogs would be allowed to depart from and return to Hawaii for travel to and from the continental United States or Alaska to obtain necessary medical treatment for their handicapped handlers, without the need for quarantine, subject to specific requirements.

Your Committee recognizes the need for a sound and safe animal quarantine program to protect the safety, health, and well-being of Hawaii's residents. In this regard, your Committee has considered the Department of Agriculture's efforts to examine alternative rabies prevention safeguards, including the recent rabies risk assessment report entitled, "An Alternative Rabies Prevention Program." While these alternatives are being taken into account by the Board of Agriculture, your Committee believes that there is need to enable handicapped persons and persons with special needs to travel abroad with their utility dogs (guide dogs, signal dogs, and service dogs) for medical and personal reasons. This bill would allow the Governor, by executive order, to enable these persons to travel with their utility dogs, subject to stringent safeguards and requirements. In these cases, the Governor would determine the medical exemptions.

Your Committee has amended this bill by:

- (1) Adding a purpose section;
- (2) Broadening the exemption to include all utility dogs and qualified utility dogs, not just resident utility dogs;
- (3) Specifying that to enter the State, a qualified utility dog would be subject to quarantine and would be released from quarantine when a rabies antibody test is adequately confirmed and the Department of Agriculture (DOA) has determined that the dog is safe to be released into the community, provided that the dog shall not be subject to any length of stay beyond what is considered to be necessary in determining the validity of the test results;
- (4) Also enabling the Governor, by executive order, to instruct the DOA to allow a utility dog to enter the State, subject to a 30-day quarantine and other specified requirements;
- (5) Stipulating that qualified utility dogs and their handicapped handlers may depart from and return to the State for travel to and from the continental United States and Alaska only when medical treatment is unavailable in the State;
- (6) Amending the microchip, vaccine, and antibody titer test requirements of qualified utility dogs of handicapped handlers;
- (7) Deleting the requirement that handicapped handlers of qualified utility dogs obtain affidavits documenting the nature of the handler's handicap and attesting that both handler and dog have successfully completed a training course for utility dog teams;
- (8) Authorizing the DOA with the authority to quarantine any qualified utility dog or utility dog that upon inspection, displays signs and symptoms suggestive of rabies;
- (9) Including a definition for "qualified utility dog" and deleting the definition of "resident";
- (10) Deleting the penalties' section as unnecessary as both the civil and criminal penalties provisions are provided for by law in section 142-12, Hawaii Revised Statutes;
- (11) Providing a repeal date of one year from the bill's effective date or upon adoption of the DOA's new quarantine rules, whichever is sooner;
- (12) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3332, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3332, S.D. 2, C.D. 1.

Representatives Morihara, Tom, Say, Swain and Halford,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon, Tanaka and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 129 on H.B. No. 4008

The purpose of this bill is to extend the term of class E agricultural operating loans from three years to a term not to exceed seven years.

Your Committee has amended this bill by:

- (1) Decreasing from seventy-five percent to a majority the number of directors and shareholders of farmers' cooperative associations or corporations seeking class E agricultural operating loans who are required to meet loan eligibility requirements and devote most of their time to farming operations;
- (2) Allowing the Department of Agriculture (DOA) to accept a junior mortgage as security for an agricultural loan, and deleting the provision that the junior mortgage be contingent on no prior mortgage provisions that might jeopardize the security position of the DOA or the borrower's ability to repay;
- (3) Changing the name of the Agriculture Loan Revolving Fund to the "Agricultural Loan Revolving Fund"; and
- (4) Allowing the DOA to continue to transfer moneys between the Agricultural Loan Revolving Fund and the Aquaculture Loan Revolving Fund after June 16, 1995.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 4008, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 4008, H.D. 1, S.D. 1, C.D. 1.

Representatives Morihara, Say, Jones and Halford,
Managers on the part of the House.

Senators Ikeda, Kanno, Fernandes Salling, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 130 on H.B. No. 44

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

Article VII, section 13, of the Constitution of the State of Hawaii, requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee has amended this bill by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance;
- (2) Deleting provisions which require the Governor to submit monthly reports to the Legislature on the use of bond proceeds;
- (3) Changing the effective date from July 1, 1996, to upon approval; and
- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

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

Representatives Say, Isbell, Ito, Kanoho, Kawakami and Marumoto,
Managers on the part of the House.

Senators Ikeda, Baker, Bunda, Fernandes Salling, Fukunaga, Kanno, Kawamoto, Solomon, Tanaka, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 131 on H.B. No. 3138

The purpose of this bill is to improve and enhance the public education system by:

- (1) Exempting public schools from the Hawaii Public Procurement Code (Chapter 103D, Hawaii Revised Statutes) for procurements of less than \$5,000;
- (2) Establishing a zero tolerance policy for the possession of drugs, alcohol, or dangerous instruments;
- (3) Clarifying that profits derived from student-run enterprises be treated similarly to profits derived from student's agricultural and industrial pursuits;
- (4) Promoting charitable contributions of educational technology equipment and services;
- (5) Requiring that \$90,000,000 in general obligation bond funds be deposited into the State Educational Facilities Improvement Special Fund (Special Fund);
- (6) Requiring that of the \$90,000,000 in general obligation bond funds deposited into the Special Fund, no less than \$5,000,000 be expended for the development of technology infrastructure;
- (7) Authorizing the transfer of funds between the school-based budgeting program and the school-level personnel program;
- (8) Authorizing the Adult Community Education Programs to accept high school students as an alternative to traditional high school; and
- (9) Requiring the Department of Accounting and General Services (DAGS) to assist the Department of Education (DOE) in building classrooms for specified schools.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Deleting the exemption for public schools from the Hawaii Public Procurement Code;

- (2) Deleting the establishment of the zero tolerance policy for the possession of drugs, alcohol, or other dangerous instruments;
- (3) Clarifying that any public education institution accepting a charitable contribution of educational technology equipment and services must certify in a written receipt the value of the contribution;
- (4) Deleting the requirement that \$90,000,000 in general obligation bond funds be deposited into the Special Fund;
- (5) Deleting the requirement that of the \$90,000,000 in general obligation bond funds deposited into the Special Fund, no less than \$5,000,000 be expended for the development of technology infrastructure;
- (6) Deleting the authorization to transfer funds between the school-based budgeting program and the school-level personnel program;
- (7) Deleting the requirement that DAGS assist the DOE in building classrooms for specified schools;
- (8) Providing for the development of a plan for alternative education by the principals and teachers, or counselors at the school in which the students are presently enrolled;
- (9) Deleting the requirement that the Department transfer \$3,000 per student on an annual basis from the respective high school to the respective community school for adults; and
- (10) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3138, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3138, H.D. 1, S.D. 2, C.D. 1.

Representatives Stegmaier, Tom, Say, Santiago and Halford,
Managers on the part of the House.

Senators Ikeda, Chumbley, Baker, Fukunaga, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 132 on H.B. No. 1716

The purpose of this bill is to:

- (1) Require certain special and revolving funds of the University of Hawaii (UH) to be responsible for their pro rata share of administrative expenses;
- (2) Authorize the Director of Finance to deduct a percentage of fund receipts to defray the estimated central service expenses;
- (3) Modify factors used by the Legislature to formulate the University general fund budget appropriations;
- (4) Reestablish the Hawaii Opportunity Program in Education Fund at UH;
- (5) Require an assessment against each special and revolving fund to be transferred to the Tuition and Fees Special Fund;
- (6) Prohibit the University's Oahu campuses from starting classes earlier than 9:30 a.m.;
- (7) Authorize a land exchange to enable development of a University of Hawaii West Oahu campus in Kapolei; and
- (8) Establish a University of Hawaii-West Oahu Special Fund to help build the campus.

Your Committee has amended this bill by deleting all of its contents except for:

- (1) The authorization for the land exchange for the development of a University of Hawaii West Oahu campus in Kapolei; and
- (2) The establishment of the University of Hawaii-West Oahu Special Fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1716, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Lee, Takamine, Ito, Takai, Tarnas and Halford,
Managers on the part of the House.

Senators Ikeda, Ige, Iwase, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 133 on H.B. No. 1736

The purpose of this bill is to appropriate funds to expand the Parent-Community Networking Centers (PCNC) to an additional fifty-one schools in fiscal year 1995-1996, and an additional thirty-four schools in fiscal year 1996-1997.

Upon careful consideration, your Committee on Conference has amended this measure by:

- (1) Statutorily establishing the PCNC program within the Department of Education;
- (2) Deleting the appropriation section to expand the PCNC program; and
- (3) Identifying the goals and objectives of the PCNC program.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1736, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1736, S.D. 1, C.D. 1.

Representatives Stegmaier, Say, Chang, Santiago and Anderson,
Managers on the part of the House.

Senators Ikeda, Chumbley, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 134 on H.B. No. 3773

The purpose of this bill is to:

- (1) Extend the date of the appropriation for the Hawaiian Sovereignty Elections Council to include fiscal year 1996-1997;
- (2) Change the "plebiscite" to "Native Hawaiian vote";
- (3) Include an additional ballot question;
- (4) Repeal all references to a convention; and
- (5) Sunset the council upon completion of the Native Hawaiian vote.

Your Committee finds that Act 359, Session Laws of Hawaii, 1993, established legislative intent that the indigenous people of Hawaii be provided state support for the efforts by the Native Hawaiians to determine self-governance.

Through the activities of the council and after consultation with the Hawaiian people, the council formulated the following ballot question: "Shall the Hawaiian people elect delegates to propose a Native Hawaiian government?"

Your Committee is mindful that there are divergent points of view on the issue of self-governance. Your Committee:

- (1) Encourages the council to be inclusive of these views, and to continue its efforts to build consensus among the Hawaiian people;
- (2) Believes that this Act applies only to Native Hawaiians, and not the general public; and
- (3) Agrees that the council should be exempt from Chapter 91, Hawaii Revised Statutes, because a review by the state executive branch would not be appropriate and would likely not be completed before the council proceeds with any special election.

Your Committee is also aware that in this effort of the Native Hawaiian people to determine their own self-governance, the State should distance itself as far as possible from interfering or dictating what the process or outcome should be. To that end, specifically defining exactly what ballot questions should be asked and subjecting the council to statutory requirements of voter eligibility should be removed from the law. Instead, your Committee feels that it is within its purview to simply require that these issues be addressed by the council.

Upon careful consideration, your Committee has amended this bill by:

- (1) Amending the purpose and findings clause to clarify that one of the purposes of the council is to build consensus among the Hawaiian people;
- (2) Removing the provision which would have defined by law what questions would have been asked on the ballot of the Native Hawaiian Vote;
- (3) Deleting from Act 359, Hawaii Session Laws, 1993, the definitions of "qualified voter" and "special elections";
- (4) Restoring the provisions requiring the council to carry out the responsibilities necessary for:
 - (A) Conducting the elections and convening of delegates;
 - (B) Providing an apportionment plan;
 - (C) Establishing the eligibility of convention delegates; and

- (D) Conducting voter education and registration;
- (5) Requiring the council to provide election guidelines and procedures for the Native Hawaiian Vote, without regard to Chapter 91, Hawaii Revised Statutes;
- (6) Requiring the council to submit a final report of its findings to the Legislature prior to the convening of the Regular Session of 1997;
- (7) Sunsetting the council on December 31, 1996;
- (8) Retaining the provision which provides that the results of any convention or ratification vote shall not supersede the state's constitution, charters, statutes, laws, rules, regulations, or ordinances;
- (9) Changing the effective date to June 29, 1996, to allow the rolling over of funds before lapsing;
- (10) Replacing the terms "Hawaiians", "native Hawaiians", and "indigenous Hawaiians" with "Native Hawaiian people" for the purpose of consistency; and
- (11) Making technical, nonsubstantive changes for style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3773, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3773, H.D. 1, S.D. 1, C.D. 1.

Representatives Arakaki, Say, Tom, Yamane and Kawanakoa,
Managers on the part of the House.

Senators Ikeda, Baker, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 135 on H.B. No. 3399

The purpose of the bill is to enable the Business Registration Division (Division) of the Department of Commerce and Consumer Affairs to improve the efficiency of its operations and the delivery of its services to the investing public and the business community. More specifically, the bill:

- (1) Establishes increased fee amounts for the Division; and
- (2) Clarifies the requirements for qualifying as an exempt security under section 485-4(13), Hawaii Revised Statutes (HRS).

The Division is a self-sufficient unit that supports its activities with user fees. There has been no increase in these amounts in the last ten years, and the Division's fees are substantially less than the average filing fees being charged in other states.

In order to adequately serve the public and business community, the Division requires additional revenue to fund the modernization and upgrading of its computer system and software, the replacement of its telephone system, the development of community education programs, and to hire additional staff for its compliance and enforcement units, hearings office, and neighbor island operations. Authorizing the Division to increase its fees will enable it to raise the revenue necessary to support its activities.

Upon careful consideration, your Committee on Conference has amended the bill by:

- (1) Decreasing the initial filing fee and renewal fee for open-end management companies and unit investment trusts;
- (2) Amending section 485-4(15), HRS, to clarify that a security issued by an issuer registered as an open-end management company or unit investment trust under the Investment Company Act of 1940, (15 USC §80a), is not exempt from the requirements of sections 485-8 and 485-25(a)(7), HRS; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3399, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3399, H.D. 2, S.D. 1, C.D. 1.

Representatives Menor, Say, Hiraki, Kanoho and Marumoto,
Managers on the part of the House.

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

Conf. Com. Rep. 136 on H.B. No. 3154

The purpose of this bill is to enhance citizen participation in the legislative process by:

- (1) Providing continued legislative support and funding for the Legislative Public Access Program, which includes the Public Access Room, the Legislative Broadcast Project, and the Legislative Internet Project;
- (2) Transferring the functional duties of the Public Access Room to the Legislative Reference Bureau (LRB); and
- (3) Establishing the Joint Legislative Access Committee.

Your Committee has amended this bill by:

- (1) Inserting the appropriated amounts in sections 6, 7, and 9;
- (2) Changing the expending agency from LRB to the Legislature to expend funds for:
 - (a) Production and distribution of television broadcasts of legislative proceedings during 1996-1997; and
 - (b) Equipment and operations of the Legislative Internet Project;
- (3) Extending the \$20,000 appropriation for electronic hardware and equipment another fiscal year, and changing the expending agency from the Legislative Reference Bureau to the Legislature;
- (4) Changing the effective date to June 28, 1996; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3154, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3154, H.D. 2, S.D. 2, C.D. 1.

Representatives Kanoho, Say, P. Oshiro and Marumoto,
Managers on the part of the House.

Senators Ikeda, Fukunaga, Baker, Ihara, Tanaka and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 137 on H.B. No. 3362

The purpose of this bill is to change the district boundaries on the island of Oahu for judicial purposes as opposed to election and other purposes by:

- (1) Specifying, for judicial purposes only, the seven districts of Oahu;
- (2) Specifying for all purposes, except for judicial, the seven districts of Oahu with variations in the divisions marked (B), (D), (E), and (G); and
- (3) Clarifying that the establishment of election districts is to be exclusively governed by Article IV of the State Constitution and chapter 25, Hawaii Revised Statutes, which pertains to reapportionment.

Your Committee on Conference has amended this bill by making technical, nonsubstantive revisions for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3362, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3362, H.D. 2, S.D. 1, C.D. 1.

Representatives Tom, Say, Abinsay, Hamakawa and Ward,
Managers on the part of the House.

Senators Ikeda, Grauly, Kawamoto, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 138 on H.B. No. 3964

The purpose of this bill is to streamline the operations of state government by:

- (1) Authorizing notice of invitations for bids through electronic media;
- (2) Renaming the Office of State Planning to the Office of Planning and transferring its functions, duties, and employees to the Department of Commerce and Consumer Affairs for administrative purposes;
- (3) Repealing the requirement that the Housing Finance and Development Corporation (HFDC) use funds from the Rental Assistance Revolving Fund to provide interim construction financing for the development of affordable rental housing; and
- (4) Prohibiting the HFDC from entering into new rental assistance contracts or subsidies for tenants of affordable rental housing.

Your Committee has amended this bill by including provisions to:

- (1) Authorize public accountants to accept remittances by electronic funds transfer;
- (2) Authorize filing to tax documents by electronic, telephonic, or optical means;
- (3) Provide for assessments and service charges for electronic funds transfers to the State;
- (4) Establish penalties for failure to remit taxes after electing to remit them by electronic fund transfer;
- (5) Require a report from the Department of Taxation containing statistics about penalties relating to electronic fund transfers.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3964, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3964, H.D. 1, S.D. 2, C.D. 1.

Representatives Say, Yonamine, Jones, Nakasone and Ward,
Managers on the part of the House.

Senators Ikeda, Fukunaga, Ihara, Kawamoto, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 139 on H.B. No. 3153

The purpose of this bill is to:

- (1) Comply with the provisions of the federal Voting Rights Language Assistance Act of 1992 to protect the voting rights of minority groups with limited proficiency in written English;
- (2) Specify the Legislative Reference Bureau as the office responsible for the interpretation of bills proposing constitutional amendments into plain language for the electorate;
- (3) Requiring the chief election officer or clerk to use the most currently compiled general county register to determine the eligibility of registered voters to sign for the candidate;
- (4) Authorizing the chief election officer or clerk to reject a nomination paper for lack of sufficient eligible signers; and
- (5) Providing a procedure for withdrawing a voter's signature from a candidate's nomination paper no later than 4:30 p.m. on the fourth business day prior to the close of filing and for notifying the candidate thereof within twenty-four hours of receipt of a notice to withdraw.

Your Committee on Conference has amended this bill by substituting the amount of \$65,000 in the appropriation section for the fiscal year 1996-1997.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3153, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3153, H.D. 2, S.D. 2, C.D. 1.

Representatives Tom, Say, Nekoba, White and Ward,
Managers on the part of the House.

Senators Ikeda, Grauly, Baker, Solomon and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 140 on H.B. No. 3970

The purpose of this bill is to require the purchaser of property, which is subject to the buy-back restrictions of section 201E-221, Hawaii Revised Statutes (HRS), to sell the property to a "qualified resident," as defined in section 201E-2, HRS, if the Housing Finance and Development Corporation (HFDC) does not exercise its option to buy-back the property under section 201E-221(a), HRS.

Your Committee on Conference has amended this bill by:

- (1) Authorizing HFDC to issue \$125,000,000 in revenue bonds for the development of infrastructure; and
- (2) Making technical, nonsubstantive amendments for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3970, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3970, H.D. 1, S.D. 1, C.D. 1.

Representatives Arakaki, Say, Hamakawa, Jones, Nakasone, Saiki and Kawanakoa,
Managers on the part of the House.

Senators Bunda, Ikeda, Chumbley, Holt, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 141 on H.B. No. 3382

The purpose of this bill is to improve the financial stability of the State by:

- (1) Requiring state and county agencies to pay interest on overdue bills at a rate equivalent to the prime rate plus an unspecified rate, up to a maximum of twelve percent per year, rather than at the existing rate of twelve percent per year;
- (2) Establishing six special funds for the deposit of interest from certain revolving funds;
- (3) Repealing the authority of the executive departments to transfer excess moneys from special funds to the general fund; and
- (4) Transferring certain amounts from certain revolving funds and certain other funds to the general fund.

Upon further consideration, your Committee has amended the bill by deleting the provisions:

- (1) Establishing six special funds; and
- (2) Transferring amounts from certain funds to the general fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3382, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3382, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Kanoho, Kawakami and Nakasone,
Managers on the part of the House.

Senators Ikeda, Baker, Bunda and Fernandes Salling,
Managers on the part of the Senate.

Conf. Com. Rep. 142 on H.C.R. No. 159

The purposes of this concurrent resolution are to:

- (1) Approve the compensation plans (and the costs thereof) submitted by the personnel directors of the State, the Judiciary, and the counties pursuant to sections 77-4 and 77-5, Hawaii Revised Statutes; and
- (2) Approve the Public Employees Compensation Appeals Board's January 3, 1996 report of findings on adjustments to the compensation plans submitted by the foregoing personnel directors.

Your Committee on Conference amended this concurrent resolution by making technical, non-substantive changes to correct an error.

It is the intent of your Committee on Conference to approve the compensation plans, and the costs thereof, as well as the report of the Public Employees Compensation Appeals Board.

Your Committee on Conference is in accord with the intent and purpose of H.C.R. No. 159, S.D. 2, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 159, S.D. 2, C.D. 1.

Representatives Yonamine, Say and Marumoto,
Managers on the part of the House.

Senators Kanno, Ikeda and Baker,
Managers on the part of the Senate.

Conf. Com. Rep. 143 on S.B. No. 2304

The purpose of this bill is to make various amendments to the general assistance law.

Your Committee has amended this bill by:

- (1) Deleting substance abusers from eligibility;
- (2) Limiting all persons, disabled or not, between ages eighteen and sixty-five to receiving general assistance for a period of twenty-four months;
- (3) Requiring a person with a physical or mental disability to accept and pursue appropriate medical treatment from a provider of the person's choice, as a condition of receiving general assistance;
- (4) Deleting the authority of the Department of Human Services to extend the one year eligibility pending determination of eligibility of the Federal Supplemental Security Income Program;

- (5) Deleting from the definition of "children" those living in a home with their grandfather, grandmother, brother, sister, stepfather, stepmother, uncle, aunt, first cousin, nephew, and niece; and
- (6) Making the effective date retroactive to July 1, 1995.

Your Committee devoted much time and effort in consideration of how much time to allow for receiving general assistance. Your Committee notes that the average period of general assistance in Hawaii is thirteen months, which is very generous compared to most other states. Your Committee has agreed to limit assistance to a twenty-four month period. However, there are alternatives to general assistance in federal programs such as the Federal Supplemental Security Income Program, Aid to Families with Dependent Children, and Aid to the Aged, Blind, and Disabled, which in effect would enable recipients to continue to receive benefits under those federal programs after the two year period.

Your Committee is aware of the hardships this bill may pose to general assistance recipients, particularly those who are disabled or who are substance abusers, and of the possibility of future social ramifications which this bill might precipitate. However, the dismal financial plight of the State makes this necessary at this time. There is simply not enough funds to go around. This bill is unpopular but necessary. It is also part of a larger issue of state finances and the need for revenue enhancements such as developing new industries in the State.

Both the House and Senate Conferees have labored long and hard to search for money to avoid curtailing general assistance. This Conference Draft represents the very best effort of both houses to provide the optimum level of assistance under current fiscal conditions. All state departments and programs have been sacrificed to some extent this year to balance competing demands for limited resources. Your Committee has tried indefatigably to avoid cutting human services as much as possible.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2304, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2304, S.D. 1, H.D. 2, C.D. 1.

Representatives Chun Oakland, Tom, Say, Arakaki and Ward,
Managers on the part of the House.

Senators Ikeda, Matsuura, Baker, Kawamoto and Tanaka,
Managers on the part of the Senate.

Conf. Com. Rep. 144 on S.B. No. 2388

The purpose of this bill is to provide for a single entry point system for elderly and disabled persons to obtain access to, and obtain a full range of appropriate services from, the long-term care system in Hawaii.

Your Committee on Conference has amended this bill. As amended, this bill provides as follows:

- (1) Requires the Department of Human Services (DHS) to design and develop a single entry point system for long-term care, including creating a temporary ad hoc coordinating committee to design and develop the system and convening an advisory committee for policy purposes;
- (2) Specifies guidelines (from Senate's version) for the coordinating committee to follow;
- (3) Requires the coordinating committee to engage in actual, good faith negotiations among the various agencies to be involved with the committee's work;
- (4) Clarifies that expenses of the work of both committees shall be borne by existing budgeted funds of the DHS and that no new appropriations are necessary; and
- (5) Requires both the committee and the department to report on their work to the Governor and the Legislature by December 20, 1996.

Your Committee wishes to express the urgency with which it views the establishment of a single point entry system. The delivery of long-term care to the growing population of elderly and disabled persons in this State is currently fragmented and uncoordinated. Your Committee finds that a single point entry system is conducive to better coordination of services and to better access to the long-term care system. A coordinated single entry point could provide a one-stop shop for all eligible persons who would no longer need to individually search among all available agencies for needed services.

Your Committee suggests to the DHS that it include the following agencies in the temporary, ad hoc coordinating committee: the Departments of Human Services, Health, Labor and Industrial Relations, Education, Commerce and Consumer Affairs, Budget and Finance, and Transportation; the Executive Office on Aging; the University of Hawaii; county agencies providing relevant care to the elderly and disabled; acute care hospitals, long-term care institutions, adult day health centers, adult day care centers, and adult residential care homes; other relevant profit and nonprofit providers of care; advocacy groups including consumers from the elderly and disabled populations; and the Hawaii Medical Association.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2388, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2388, S.D. 2, H.D. 1, C.D. 1.

Representatives Chun Oakland, Pepper, Kawakami, Saiki and Anderson,

Managers on the part of the House.

Senators Ikeda, Matsuura, Levin, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 145 on S.B. No. 2485

The purpose of this bill is to preserve certain employee rights, privileges, and benefits for furloughed state and county employees.

Your Committee on Conference has amended the bill by returning it to its original form.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2485, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2485, H.D. 2, C.D. 1.

Representatives Yonamine, Say, Nakasone, Suzuki and Marumoto,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Kawamoto and Solomon,
Managers on the part of the Senate.

Conf. Com. Rep. 146 on S.B. No. 2662

The purpose of this bill is to add a new section to the developmental disabilities statute to: provide continued funding for community-based services for individuals with developmental disabilities who are leaving the Waimano training school and hospital; and require that any funds remaining in HTH 501 after serving the individual and deducting the cost of building and grounds maintenance, are to be used to supplement state matching funds for Title XIX medicaid community-based programs. The bill also amends Act 189, Session Laws of Hawaii 1995, by extending the sunrise provision of the Act from June 30, 1996, to no later than June 30, 1997.

Your Committee has amended this bill by:

- (1) Clarifying that the funds following the individual leaving Waimano are the "funds needed to allow that individual to receive necessary community-based services";
- (2) Specifying that to the extent funds are available, the amount of funds following the individual will be determined by the Director of Health to be the greater of the funds needed as of June 29, 1996, to serve the individual while in Waimano, the funds needed as of June 29, 1996, to serve an individual with similar disabilities in a facility in the State other than Waimano, or the funds needed as of June 29, 1996, to serve an individual with similar disabilities in a community setting in the State; and
- (3) Changing the new sunrise date for Act 189, Session Laws of Hawaii 1995, from "no later than June 30, 1997" to "on June 30, 1997".

It is not your Committee's intention to restrict or prohibit the Department of Health from providing case management services under Act 189 prior to June 30, 1997. If the Department is prepared to provide such services prior to June 30, 1997, your Committee encourages it to proceed expeditiously in providing the services.

It is your Committee's intent and understanding that the Title XIX state matching funds referred to in this bill shall include funds which are available for the purpose of establishing and maintaining a crisis center at Waimano to service persons with developmental disabilities in the community.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2662, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2662, S.D. 1, H.D. 2, C.D. 1.

Representatives Pepper, Say, Chun Oakland, Kawakami and Anderson,
Managers on the part of the House.

Senators Ikeda, Levin, Bunda, Tanaka and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 147 on S.B. No. 2781

The purpose of this bill is to provide immunity and benefits for persons who voluntarily respond and assist during an emergency medical disaster; require the Department of Health to work with the University of Hawaii, another higher learning institution, or professional organization to provide life support training; require the Department to establish and maintain qualification standards for emergency services course instructors; transfer the responsibility of providing life support training from the Department to the University; authorize the Department to inspect training facilities and establish qualifications for instructors; and grandfather current temporary faculty and employees of the life support training programs into permanent faculty and civil service positions, without loss of salary, seniority, prior service credits, sick leave, or other employee benefits or privileges and without the necessity of application.

Your Committee on Conference amended this bill by deleting section one, which provided immunity and benefits for persons who voluntarily respond and assist during emergency medical disaster.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2781, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2781, S.D. 2, H.D. 3, C.D. 1.

Representatives Pepper, Lee, Kawakami, Shon and Anderson,
Managers on the part of the House.

Senators Ikeda, Ige, Levin Iwase and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 148 on S.B. No. 2819

The purpose of this bill, as received by your Committee on Conference, is to transfer excess fund balances from various special funds to the general fund.

Upon further consideration, your Committee on Conference has amended this measure by:

- (1) Adjusting the interest to be paid by state agencies to persons holding receivables for goods or services to a rate equal to the prime rate for each calendar quarter plus two percent but not to exceed twelve percent a year;
- (2) Inserting a definition of "prime rate" to mean the prime rate as posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter;
- (3) Increasing the amount to be transferred from the rental assistance revolving fund to \$13,500,000;
- (4) Transferring \$225,000 from the state motor pool revolving fund to the general fund;
- (5) Transferring \$50,000 from the Hawaii small fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund to the general fund;
- (6) Transferring \$150,000 from the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund to the general fund;
- (7) Transferring \$150,000 from the Hawaii innovation, development revolving fund to the general fund;
- (8) Decreasing the amount to be transferred from the state highway fund to \$19,000,000;
- (9) Transferring \$2,516,700 from the state educational facilities improvement special fund to the general fund; and
- (10) Making nonsubstantive, technical changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2819, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2819, S.D. 2, H.D. 1, C.D. 1.

Representatives Say, Isbell, Ito, Kanoho, Kawakami and Marumoto,
Managers on the part of the House.

Senators Ikeda, Bunda, Holt, Kawamoto and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 149 on S.B. No. 2821

The purpose of this bill is to establish a timetable according to which unclaimed property held by the State escheats to the State.

Specifically, this bill bases the timetable upon the value of the property. The more valuable the state-held property, the later the date of escheat.

Additionally, this bill requires the Director of Finance to give public notice of escheat at least three months prior to the date of escheat, and at least once in a newspaper of general circulation in the State. This bill also extends from ninety days to one hundred twenty days the period in which the Director of Finance must render a decision on a claim against unclaimed property.

This bill also modifies the requirements of public notice of abandoned property by allowing for just one publication in a newspaper of general circulation in the State. The present law requires publication at least once a week for two consecutive weeks in a newspaper of general circulation in the county that contains the last known address of the owner of the abandoned property. This change in public notice requirements applies to both property held by the State and property held by the federal government.

Your Committee has amended this measure by specifying that the escheat process created in this measure does not apply to travelers checks, money orders, and instruments issued by banks such as checks and drafts.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2821, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2821, S.D. 2, H.D. 2, C.D. 1.

Representatives Tom, Say, Ito, White and Thielen,
Managers on the part of the House.

Senators Ikeda, Grauly, Baker, Fernandes Salling and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 150 on S.B. No. 2875

The purpose of this bill is to enable the Chief Election Officer and the County Clerk to require registered voters of precincts affected by a natural disaster to vote by absentee ballot.

Your Committee finds that this bill is necessary to ensure, in the event of a natural disaster, that the right of registered voters to vote is unimpaired.

Upon further consideration, your Committee has amended this bill by:

- (1) Adding a new section 3 to make conforming amendments to section 11-92.3, Hawaii Revised Statutes, for consistency and to extend from seven to twenty-one days the period of time in which an election may be postponed in a precinct affected by a natural disaster;
- (2) Renumbering the remaining sections consecutively; and
- (3) Making a number of technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2875, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2875, S.D. 1, H.D. 2, C.D. 1.

Representatives Tom, Say, Case, Kanohe and Thielen,
Managers on the part of the House.

Senators Ikeda, Grauly, Baker, Fernandes Salling, Solomon, Tanaka and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 151 on S.B. No. 2856

The purpose of this bill is to abolish the Office of Children and Youth and transfer its programs and personnel to other government agencies.

Your Committee finds that this bill is consistent with the Legislature's ongoing effort to streamline government and ensure the best possible use of the State's limited resources. This bill also addresses the concern with regard to the constitutional provision which has been interpreted by the Attorney General to prohibit the placement of offices or agencies which are not temporary in nature under the Office of the Governor.

Your Committee has amended this bill by revising the number of personnel positions to be transferred to other agencies as a result of the abolition of the Office of Children and Youth. Section 9 of this bill has been amended to provide that three positions shall be transferred to programs funded by budget area HMS 302; four positions shall be transferred to programs funded by budget area HMS 501; and two positions shall remain in the Office of the Governor.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2856, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2856, S.D. 1, H.D. 2, C.D. 1.

Representatives Chun Oakland, Say, Kahikina, Kawakami and Kawanakoa,
Managers on the part of the House.

Senators Ikeda, Matsuura, Solomon, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 152 on S.B. No. 2891

The purpose of this bill is to implement programs needed to address the problem of prison and jail overcrowding by appropriating funds for programs authorized by Act 25, Special Session Laws of Hawaii 1995.

Specifically, this bill appropriates the sum of:

- (1) \$1 to the Judiciary for fiscal year 1996-1997 for staffing, equipment, and other current expenses for the implementation and operation of the integrated community sanctions program;
- (2) \$1 to the Department of Public Safety for fiscal year 1996-1997 for staffing, equipment, and other current expenses for the implementation and operation of pretrial drug treatment services;
- (3) \$191,000 to the Department of Public Safety for fiscal year 1996-1997 for personnel costs, other current expenses, and equipment for the assessment center of the sex offender treatment program;

- (4) \$16,000 to the Department of Public Safety for fiscal year 1996-1997 for the purchase of services for medically disabled inmates in the sex offender treatment program;
- (5) \$1 to the Department of Public Safety for fiscal year 1996-1997 for staffing, equipment, and other current expenses for the purchase of residential work-furlough services;
- (6) \$1 to the Department of Public Safety for fiscal year 1996-1997 for staffing, equipment, and other current expenses for the expansion of parole services;
- (7) \$1 to the Department of Public Safety for fiscal year 1996-1997 for staffing, equipment, and other current expenses for the implementation and operation of sex offender and substance abuse services for parolees; and
- (8) \$74,137 to the Department of Public Safety for fiscal year 1996-1997 for personnel costs, other current expenses, and equipment for two additional parole officers to adequately meet the current caseload.

Because of the State's current fiscal crisis, your Committee was able to fund only the assessment center of the sex offender treatment program, the purchase of services for medically disabled inmates, and the two additional parole officer positions.

Consequently, your Committee has amended this bill by deleting those provisions:

- (1) Appropriating funds to the Judiciary for the implementation and operation of the integrated community sanctions program; and
- (2) Appropriating funds to the Department of Public Safety for:
 - (A) The implementation and operation of pretrial drug treatment services;
 - (B) The purchase of residential work-furlough services;
 - (C) The expansion of parole services; and
 - (D) The implementation and operation of sex offender and substance abuse services for parolees.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2891, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2891, S.D. 2, H.D. 2, C.D. 1.

Representatives McMurdo, Tom, Say, Case and Meyer,
Managers on the part of the House.

Senators Ikeda, Gaulty, Solomon, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 153 on S.B. No. 2941

The purpose of this bill is to establish a Commercial Fisheries Special Fund within the Department of Land and Natural Resources to provide the funding necessary for programs and activities relating to the management, conservation, and monitoring of aquatic life.

The bill also appropriates \$100,000 from the special fund to cover operation expenses in fiscal year 1996-1997.

Your Committee finds that although the Department of Land and Natural Resources regulates all commercial fishing activities in the State, all moneys generated by the Department through the issuance of fishing permits and the assessment of fines and other charges are deposited into the general fund. A special fund for the collection and deposit of these proceeds will enable the Department to utilize these earnings for commercial fisheries purposes. The moneys in the fund will be used for the conservation, improvement, monitoring, and management of commercial fisheries.

Upon further consideration, your Committee has amended this bill by clarifying that any unencumbered funds remaining in the the Commercial Fisheries Special Fund as of June 30, 2001, shall lapse into the State General Fund upon the repeal of the special fund's existence.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2941, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2941, S.D. 2, H.D. 2, C.D. 1.

Representatives Santiago, Kawakami, M. Oshiro, Tarnas and Anderson,
Managers on the part of the House.

Senators Ikeda, Kanno, Baker, Solomon and Anderson,
Managers on the part of the Senate.

Conf. Com. Rep. 154 on S.B. No. 3042

The purpose of this bill is to create a three-year pilot project for child protective and diversion services within the Department of Human Services.

In particular, the pilot project is to have the following features: the establishment of two "neighborhood places" for service delivery by public and private child welfare agencies; the use of mechanisms for pooling public and private resources for the neighborhood places, which would allocate the resources allotted to them; and an evaluation component comparing the pilot's outcomes and processes with the existing system.

In addition, the project is required to work with a tax exempt organization to serve as the conduit through which private sector contributions may be expended for the project. The bill further specifies that the Department of Human Services is to consult with other specified agencies and private groups with respect to such topics as sites for neighborhood places, budget and fund expenditure, specific outcomes, and hiring a project coordinator. Finally, the bill requires the Department of Human Services to submit semi-annual progress reports regarding the pilot project to the Legislature, which are to be made available to community groups.

Your Committee agrees with the intent of this bill, and finds that there is an immediate need to improve the system of child protective services and constructively address the growing rate of child abuse and neglect in Hawaii. Your Committee also highly commends the work of the Child Welfare Reform Services Task Force, which was formed pursuant to Senate Concurrent Resolution No. 89, H.D. 1 (1994) to develop a blueprint for reform in child protective services.

Upon further review, your Committee has amended this bill by:

- (1) Adding a new purpose section;
- (2) Specifying that the pilot project is to be conducted as a public-private partnership to maintain an effective level of child protective services;
- (3) Specifying that the project is responsible for the development of training of public and private sector workers in child protective and diversion services;
- (4) Deleting the use of mechanisms for pooling public and private resources for the neighborhood places as a component of the project, and adding a statewide central intake service available by telephone and systems-change training for public and private sector child protective and diversion service workers;
- (5) Allowing the Department of Human Services, Department of Education, Department of Health, Office of Youth Services, and the Judiciary to transfer resources to the project through a memorandum of agreement or other appropriate action;
- (6) Allowing, rather than requiring the project to work with tax exempt organizations to implement the project;
- (7) Creating a child protective services reform coordinating committee within the Department of Human Services for administrative purposes, to provide assistance to the project as requested by the Director of Human Services and make recommendations to the participating public agencies regarding the project's implementation, including development of requests for proposals, site selection for the neighborhood places, and identification of project goals;
- (8) Specifying the membership of the child protective services reform coordinating committee to be appointed by the Governor;
- (9) Exempting the committee from the public notice and public hearing requirements of the Administrative Procedure Act in the adoption of administrative rules;
- (10) Allowing the Director of Human Services to appoint a project coordinator and additional staff as necessary; and
- (11) Requiring the child protective services reform coordinating committee, rather than the Department of Human Services, to submit progress reports to the Legislature.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3042, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3042, S.D. 2, H.D. 2, C.D. 1.

Representatives Chun Oakland, Kawakami, Arakaki, Isbell and Kawananaoka,
Managers on the part of the House.

Senators Ikeda, Grauly, Solomon, Taniguchi and Liu,
Managers on the part of the Senate.

Conf. Com. Rep. 155 on S.B. No. 3240

The purpose of this bill, as received by your Committee on Conference, is to improve the effectiveness of the current enterprise zone law by clarifying the eligibility requirements for "qualified businesses".

Your Committee on Conference has amended this measure by:

- (1) Deleting the eligibility requirement added to Section 209E-9 (a)(1) and (b)(1), Hawaii Revised Statutes, that a business already employ at least one full-time employee;
- (2) Changing from "seventy thousand or less" to "one-hundred thousand or less" the county population threshold applicable to certain eligibility exemptions for agricultural producers;
- (3) Retaining the language of Section 209E-9(e), Hawaii Revised Statutes, dealing with the sale, transfer, and delivery of tangible personal property and services within an enterprise zone, which was deleted in House Draft No. 2;
- (4) Providing that the exemption for agricultural producers in counties with a population of one-hundred thousand or less shall be repealed on June 30, 1998; and
- (5) Making a technical, nonsubstantive amendment to conform to proper bill drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3240, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3240, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Kawakami, Kanoho, Swain and Marumoto,
Managers on the part of the House.

Senators Ikeda, Matsunaga, Fernandes Salling, Solomon and Liu,
Managers on the part of the Senate.

SPECIAL COMMITTEE REPORT**Spec. Com. Rep. 1**

Your Committee on Credentials begs leave to report that it has thoroughly considered the matter of the seating of Felipe P. Abinsay, Jr. as a member of the House of Representatives of the Eighteenth Legislature of the State of Hawaii.

Your Committee was referred the communication from the Governor of the State of Hawaii on the appointment of Felipe P. Abinsay, Jr. to fill the vacancy created by the death of former State Representative Emilio S. Alcon. After reviewing the communication of appointment and the qualification of the appointee, your Committee finds the said appointee to be qualified and recommends that Felipe P. Abinsay, Jr. be seated as a member of the House of Representatives from the Twenty-Ninth Representative District.

Signed by Representatives Tom, White, Cachola, Menor, Yoshinaga and Kawananaoka.