

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. 1 on S.B. No. 1193

The purpose of this bill is to simplify registration requirements for certain entities seeking nonprofit status for tax purposes.

The bill also removes the two-month limit on extensions by the Department of Taxation for registration and the filing of applications.

The change in this bill would allow certain nonprofit entities to submit their application for or recognition of their tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, instead of filling out a separate affidavit. Your Committee finds that this will streamline the process while providing adequate information for state purposes.

Your Committee has amended this bill by making technical nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1193, 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. 1193, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Suzuki and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

Senators Hanabusa, Buen, Chun, Chun Oakland and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 2 on S.B. No. 986

The purpose of this measure is to amend the definition of "aquaculture" to reflect the long-term trends in the industry.

Your Committee on Conference finds that the aquaculture industry in Hawaii is growing and becoming an important part of Hawaii's diversified agriculture industry. This measure enhances current law by better reflecting the nature of the aquaculture industry.

This measure includes in the definition of "aquaculture" activities for stocking purposes. With respect to aquaculture loans, activities for authorized stock enhancement purposes are included. It is the intent of these amendments to include stocks whether or not naturally occurring.

Your Committee on Conference has amended this measure by excluding activities for research purposes from the definition of "aquaculture" for the aquaculture loan program.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 986, 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. 986, S.D. 1, H.D. 1, C.D. 1.

Representatives Abinsay, Cabrerros and Davis.
Managers on the part of the House.

Senators Chun, Kokubun, Matsuura and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 3 on S.B. No. 606

The purpose of this measure is to promote the use of recycled water by requiring all state and county facilities using potable water irrigation systems to connect to available recycled water service and to appropriate an unspecified amount to carry out the purposes of the Act.

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

- (1) Allow, rather than require all state and county facilities using potable water irrigation systems to connect to available recycled water service;
- (2) Delete the appropriation; and
- (3) Make the Act effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 606, 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. 606, S.D. 1, H.D. 2, C.D. 1.

Representatives Morita, Kanoho, Magaoay, Schatz, Meyer and Moses.
Managers on the part of the House.

Senators Inouye, Buen, Ihara, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senator Ihara was excused.)

Conf. Com. Rep. 4 on S.B. No. 178

The purpose of this measure is to require a time share developer to register with the real estate commission prior to offering apartments for sale to the public for the first time, and to exempt time share plans registered under the time share law and required to provide disclosure to consumers under that law, from duplicative condominium disclosure requirements.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Replace "nothing in this section" language with "notwithstanding any other provision to the contrary" language throughout; and
- (2) Make a nonsubstantive format change.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 178, 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. 178, S.D. 2, H.D. 1, C.D. 1.

Representatives Chang, Hiraki and Ontai.
Managers on the part of the House.
(Representative Ontai was excused.)

Senators Kim, Menor, English and Hogue.
Managers on the part of the Senate.
(Senator English was excused.)

Conf. Com. Rep. 5 on S.B. No. 1162

The purpose of this measure is to change the public notice requirements for auctions, drawings, direct negotiation, exchanges, quitclaims, submerged and reclaimed lands, reservations, and easements from three successive weeks to once in both a statewide and local publication.

Upon further consideration, your Committee on Conference has amended the measure to require all notices of public land distributions to be posted electronically on the Internet, as well.

Your Committee on Conference finds that this measure will provide additional flexibility for government agencies, particularly for counties such as Hawaii where there are two major local publications, while continuing to provide the public with sufficient notice.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1162, 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. 1162, S.D. 1, H.D. 1, C.D. 1.

Representatives Kanohe, Hamakawa and Thielen.
Managers on the part of the House.

Senators Inouye, Kawamoto, Chun Oakland, Kokubun and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 6 on S.B. No. 48

The purpose of this measure is to direct the department of land and natural resources to expedite discussions with four cattle ranchers, a portion of whose lands are subject to withdrawal due to realignment of the Saddle Road, and to consider all means of fairly compensating them for the withdrawn lands.

Upon further consideration, your Committee on Conference amended the measure to require the department to authorize the lessees to utilize ten per cent of remaining land for alternative agriculture use at no increase in the lease rent rate.

Your Committee on Conference would also encourage the department to work with the federal government to implement the withdrawals in incremental stages to delay the impact on the lessees for as long as possible.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 48, 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. 48, S.D. 1, H.D. 2, C.D. 1.

Representatives Kanohe, Yonamine and Meyer.
Managers on the part of the House.

(Representative Meyer was excused.)

Senators Inouye, Buen, Menor, Kokubun, Matsuura and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 7 on S.B. No. 221

The purpose of this measure is to extend the current composition of the agribusiness development corporation's (ADC) board of directors to June 30, 2005, and make an appropriation for various agriculture projects.

Your Committee finds that the current composition of the ADC board of directors has been effective and efficient in its duties to service and enhance Hawaii's agriculture industry. This measure will provide necessary additional time for the ADC board of directors to fully implement its policies.

Your Committee has amended this measure by deleting the appropriation for various agriculture projects.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 221, 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. 221, S.D. 1, H.D. 1, C.D. 1.

Representatives Abinsay, Cabrereros and Davis.
Managers on the part of the House.

Senators Buen, Kokubun, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 8 on S.B. No. 900

The purpose of this measure is to amend the liquor law to:

- (1) Clarify the definition of "premises";
- (2) Authorize a county the ability to create a "special district" for more stringent regulation of liquor license transfers;
- (3) Clarify what items shall be included in the investigator's report and to whom a copy of that report shall be furnished; and
- (4) Clarify procedures for protests concerning applications for liquor licenses.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Further clarify the definition of "premises" with regards to a class 12 hotel license and a retail shopping complex;
- (2) Require the liquor commission or agency to deny a liquor license within five hundred feet of a school or public playground if forty percent of the registered voters or owners and lessees within five hundred feet file protests;
- (3) Change "special district" to "special liquor district" to differentiate from other special district designations;
- (4) Clarify that for the purposes of defining "a majority of the owners and lessees of record of real estate and owners of record of shares in a cooperative apartment", each property counts only once, a protest submitted by the majority of the co-owners or the majority of the co-lessees of a property shall constitute a protest by all the owners or lessees of record of that property, and owners or lessees who own more than one property may count each property;
- (5) Add a severability clause; and
- (6) Make the Act effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 900, 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. 900, S.D. 2, H.D. 1, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Kim, Kawamoto, Menor and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 9 on S.B. No. 865

The purpose of this measure is to:

- (1) Amend the powers of School To Work Executive Council; and
- (2) Administratively place the council within the Department of Education.

Your Committee has amended the measure by clarifying the powers of council to include approving expenditure plans and award grants or contracts from moneys secured through the school-to-work council/office to districts/local school/business partnerships, and that approval of expenditure plans and awarding of grants or contracts will be consistent with Department of Education policy.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 865, 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. 865, S.D. 1, H.D. 1, C.D. 1.

Representatives Ito, Takamine and Leong.
Managers on the part of the House.

Senators Sakamoto, Nakata, Taniguchi, Chun Oakland and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 10 on S.B. No. 1081

The purpose of this measure is to provide for more accountability and equity in charter schools.

Your Committee has amended the measure by reverting the original language of S.B. No. 1081, which allows the Department of Education to assess tuition to cover the expenses of non-funded supplemental, discretionary, and out-of-school time instructional programs.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1081, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1081, H.D. 1, C.D. 1.

Representatives Ito, Kawakami and Halford.
Managers on the part of the House.

Senators Sakamoto, Ige, Menor, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Ige and Menor were excused.)

Conf. Com. Rep. 11 on S.B. No. 1213

The purpose of this measure is to appropriate funds to support the creation and continued development of professional development schools in Hawaii's public schools.

Upon further consideration, your Committee on Conference amended the measure to change the appropriation from \$1 to \$250,000 for fiscal year 2001-2002 and the same sum for 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1213, 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. 1213, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Kawakami and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

Senators Sakamoto, Chun Oakland, Ige, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Ige and Hemmings were excused.)

Conf. Com. Rep. 12 on S.B. No. 1236

The purpose of this measure is to:

- (1) Establish a Data and Research Office for Children and Families in the Center on the Family at the University of Hawaii at Manoa; and
- (2) Make an appropriation for the Bridge to Hope Program.

Your Committee has amended the measure by:

- (1) Deleting the data collection provision; and
- (2) Deleting the provision reauthorizing a \$300,000 appropriation for fiscal year 2000-2001, so that it would not lapse until June 30, 2002, in favor of new appropriations of \$150,000 for each of the fiscal years 2001-2002 and 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1236, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1236, H.D. 2, C.D. 1.

Representatives Kahikina, Takumi, Saiki, Takai, Rath and Stonebraker.
Managers on the part of the House.
(Representatives Rath and Stonebraker were excused.)

Senators Sakamoto, Taniguchi, Chun Oakland, Matsuura and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 13 on S.B. No. 118

The purpose of this bill is to appropriate funds to establish a Breast and Cervical Cancer Treatment Program for individuals who are diagnosed with breast or cervical cancer by the Hawaii Breast and Cervical Cancer Control Program. These individuals must be resident aliens of Hawaii who are not eligible to receive Medicaid benefits for treatment or would be eligible under Medicaid except the person has health care coverage that specifically does not provide for cancer.

Upon further consideration, your Committee on Conference amended the measure to appropriate \$229,000 for fiscal year 2001-2002, and \$243,000 for fiscal year 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 118, 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. 118, S.D. 1, H.D. 2, C.D. 1.

Representatives Arakaki, Kahikina, Kawakami, Takai, McDermott and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Matsuura, Hanabusa, Fukunaga and Hemmings.
Managers on the part of the Senate.
(Senator Fukunaga was excused.)

Conf. Com. Rep. 14 on S.B. No. 1119

The purpose of this measure is to allow for electronic record keeping by drug dispensers and for electronic transmittal of prescriptions from practitioners to dispensers.

Your Committee on Conference finds that electronic prescriptions reduce medication errors and prescription fill time by reducing transcription errors. Electronic prescription systems also place drug plan formularies at the prescriber's fingertips. This system assists the practitioner in appropriate drug selection at the time the prescription is made, which results in saving time, enhancing compliance, and reducing costs.

Your Committee on Conference has amended this measure by:

- (1) Changing the term "disclosed" to "undisclosed" in reference to rebate, refund, commission, preference, discount, or other consideration that is prohibited as compensation to the practitioner; and
- (2) Repealing Act 304, Session Laws of Hawaii 1997, relating to electronic prescriptions, as no longer being necessary with the enactment of this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1119, 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. 1119, S.D. 2, H.D. 1, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Matsuura, Menor and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 15 on S.B. No. 1385

The purpose of this measure is to require the Board of Education to adopt a classification and compensation structure for educational officers that more accurately reflects the level of work being performed.

Your Committee has amended the measure by:

- (1) Deleting the provision requiring the Board of Education to adopt a classification and compensation structure for educational officers twenty days before the 2002 regular session;

(2) Mandating the assistance of the University of Hawaii, Office of Human Resources, in evaluating the department's salary schedule, classification system, and qualification for employment, instead of the Department of Human Resource Development.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1385, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1385, H.D. 1, C.D. 1.

Representatives Ito, Takamine, Saiki, Schatz, Bukoski and Halford.
Managers on the part of the House.
(Representative Saiki was excused.)

Senators Sakamoto, Nakata, Taniguchi, Kawamoto and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 16 on S.B. No. 1110

The purpose of this measure is to ensure Hawaii's children's safety in a child care setting by requiring criminal history and child abuse record checks for child-care providers, with limited checks for specified relatives. This measure also increases penalties for any violation of chapter 346.

Upon further consideration, your Committee on Conference amended this measure, to clarify the provision which requires Hawaii criminal justice data center criminal history record checks to require fingerprinting for full FBI and State criminal history background checks for all exempt providers but excluding the close relatives of the child listed in the measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1110, 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. 1110, S.D. 2, H.D. 3, C.D. 1.

Representatives Kahikina, B. Oshiro, Kawakami, Takai, Auwae and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Matsuura, Kanno, Buen and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 17 on S.B. No. 1390

The purpose of this bill is to amend the law relating to Hawaiian healers.

Your Committee on Conference finds that Act 162, Session Laws of Hawaii 1998 (Act 162), responded to concerns that the performance of traditional Hawaiian healing practices would constitute the unauthorized practice of medicine under state law. To address this concern, Act 162:

Temporarily exempted Hawaiian healers from the requirement that a person obtain a license before practicing medicine; and

Authorized Papa Ola Lokahi, a non-profit Hawaiian health organization that serves as an umbrella for native Hawaiian health care planning activities in the State, to provide interim certification of Hawaiian healers.

The medical license exemption under Act 162 was to expire on July 1, 2002. Additionally, Act 162 only provided for the establishment of a single panel to certify Hawaiian healers. Unfortunately, Act 162 failed to recognize the Hawaiian tradition of recognizing localized healing practices.

Recognizing the value of Hawaiian healing practices, this bill makes the medical license exemption granted to Hawaiian healers under Act 162 permanent and provides Papa Ola Lokahi with a process by which to convene panels of Hawaiian healers to address issues related to Hawaiian healing practices on a localized basis. The measure also enables Papa Ola Lokahi to appoint subsequent members to its panels as it deems necessary to carry out its purposes.

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

- (1) Adding language to protect panel members and persons who participate in the denial of certification of a traditional Hawaiian healer, from tort liability; and
- (2) Clarifying that once a panel is established, subsequent members shall be chosen by a majority of the existing panel members sitting on that panel, rather than being selected by a majority of all panel members.

Your Committee on Conference believes the clarification on how subsequent members of panels are selected was necessary to ensure that no ambiguity exists as to whether a majority of members from all panels established under Act 162 must vote in the affirmative in order for the new panel member to be officially impaneled.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1390, 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. 1390, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Souki and Whalen.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Chun, Chun Oakland, Kawamoto and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 18 on S.B. No. 1123

The purpose of this measure is to allow for verification and certification of the existence of a birth, death, marriage, or divorce certificate and the essential facts of the vital event that are contained in the certificate in lieu of the issuance of a certified copy of the certificates.

Upon further consideration, your Committee on Conference amended this measure so that the fees received for verifications in lieu of certified copies are one half of the fee for the first certified copy of an issued certificate. The verification fees will be remitted, and one half deposited to the credit of the vital statistics improvement special fund and the remainder to the state's general fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1123, 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. 1123, S.D. 1, H.D. 1, C.D. 1.

Representatives Arakaki, Hiraki, B. Oshiro, Kawakami, Auwae and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

Senators Matsuura, Kanno and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 19 on S.B. No. 1455

The purpose of this measure is to expand the statutory framework of the Children's Advocacy Program to more accurately reflect its intended mission and activities, and to change the program's name to the Children's Justice Program.

Your Committee has amended this measure by renumbering the section numbers to correct a technical error.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1455, 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. 1455, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Kahikina, Arakaki, Takai, Auwae and Marumoto.
Managers on the part of the House.
(Representatives Takai and Marumoto were excused.)

Senators Matsuura, Kanno and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 20 on S.B. No. 1276

The purpose of this bill is to prohibit the bad faith registration of domain names on the Internet and to establish penalties for violation of the prohibition.

Your Committee on Conference has amended this measure by:

- (1) Creating a new part to chapter 481B, Hawaii Revised Statutes;
- (2) Including definitions of "claimant", "mark", and "person";
- (3) Providing three instances of when a person shall be liable for cybersquatting and or cyber piracy;
- (4) Providing separate sections on determining bad faith intent, exceptions, and damages and remedies; and
- (5) Creating a new part to chapter 481D, Hawaii Revised Statutes for existing law entitled "Miscellaneous Provisions".

Your Committee on Conference finds these amendments provide greater clarity and conciseness.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1276, 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. 1276, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Tam, Kanno, Menor, Matsunaga and Slom.
Managers on the part of the Senate.
(Senator Matsunaga was excused.)

Conf. Com. Rep. 21 on S.B. No. 1011

The purpose of this measure is to establish a special fund to help support the operation and maintenance of the statewide planning and geographic information system, and to allow the office of planning to charge fees for statewide geographic information system services.

Upon further consideration, your Committee on Conference amended the measure to change the expending agency from the department of business, economic development, and tourism to the office of planning.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1011, 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. 1011, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kawakami and Davis.
Managers on the part of the House.

Senators Inouye, Kawamoto, Chun Oakland, Hanabusa, Ihara, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Chun Oakland, Ihara and Taniguchi were excused.)

Conf. Com. Rep. 22 on S.B. No. 683

The purpose of this bill is to establish a civil process server task force under the Department of Public Safety to study certain work impediments faced by process servers.

Your Committee on Conference is aware of the various unresolved issues and persistent problems concerning the serving of process papers by deputy sheriffs. Although service of process is a necessary function, the current system is fraught with uncertainties and dangers in regards to the proper role, authority, identification, and safety of process servers.

Your Committee on Conference has amended this measure by deleting reference to a task force and substituting a study by the Legislative Reference Bureau, clarifying the scope of the study, and requiring or requesting the agencies cooperating with the Legislative Reference Bureau to designate contact persons for the study.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 683, 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. 683, S.D. 1, H.D. 1, C.D. 1.

Representatives Garcia, Nakasone and Djou.
Managers on the part of the House.
(Representative Djou was excused.)

Senators Kanno, Kokubun and Slom.
Managers on the part of the Senate.
(Senator Kokubun was excused.)

Conf. Com. Rep. 23 on S.B. No. 1512

The purpose of this measure is to create criminal offenses of endangering a law enforcement horse or dog, and interfering with a law enforcement horse or dog. This measure also:

- (1) Defines "law enforcement officer" to replace "peace officer" in the penal code; and
- (2) Clarifies the offense of obstructing government operations by adding the operation of a radio, telephone, television, or other telecommunication system owned or operated by the State or a county.

This measure recognizes the modern trend of law enforcement to utilize horses and dogs to supplement the official activities of police officers, particularly with regards to search and seizure and crowd control. These animals may come in harm's way by intentional or reckless injury or other deliberate contact inflicted by perpetrators of crime. This measure is a deterrent and a punishment for such malicious conduct.

The term "peace officer", as currently used in the penal code, has caused the Intermediate Court of Appeals to question whether the term means "law enforcement officer". This measure resolves the ambiguity by providing a definition of "law enforcement officer" and substituting that term for "peace officer".

Electronic communications are utilized extensively by State and local governments (counties). Current law does not cover intentional obstruction, impairment, or hindering of radio, telephone, television, or other telecommunication systems owned or operated by the State or counties. This measure closes the gap.

Your Committee on Conference has amended this measure by making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1512, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1512, H.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Kanno, Matsuura and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 24 on S.B. No. 1178

The purpose of this measure is to:

- (1) Define "locum tenens practitioner";
- (2) Amend the schedule of controlled substances to reflect recent changes in the schedule of federal controlled substances;
- (3) Make it unlawful for any person to obtain by deceit any controlled substances listed under 329-61, Hawaii Revised Statutes, or procure or attempt to procure by deceit these substances; and
- (4) Require a "patient's address and the date the prescription is issued" as information to be transmitted electronically to the department's electronic prescription accountability system.

Upon further consideration, your Committee on Conference amended the measure by adding additional substances that were inadvertently deleted, correcting the abstract service number of gamma butyrolactone to 96-48-0, correcting the spelling of hydrochloride, and amending the Ramseyer section to address the brackets within the controlled substances.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1178, 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. 1178, S.D. 2, H.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Matsuura, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 25 on S.B. No. 1102

The purpose of this measure is to provide Hawaiian homestead communities with a greater level of self-determination by:

- (1) Reaffirming the federal trust relationship between the indigenous people of Hawaii and the federal government; and
- (2) Allowing the delegation of authority from the Department of Hawaiian Home Lands to homestead community organizations.

Your Committee on Conference finds that this measure reaffirms the State's and the federal government's trust obligations as established under the Hawaiian Homes Commission Act of 1920, as amended (HHCA) and provides existing lessees and their homestead associations with a greater level of self determination with regard to how their communities would be managed and improved.

Your Committee also finds that in light of the recent court cases filed in federal court challenging the validity of and the entitlements bestowed by the HHCA, the addition of a section to the HHCA reaffirming the State's and the federal government's trust relationship with HHCA beneficiaries seems prudent in that the addition could serve as a basis by which to defend the rights of HHCA beneficiaries.

However, your Committee on Conference has concerns regarding the plight of qualifying native Hawaiians who are on the waiting list to obtain a Hawaiian homestead lot. The measure as received by your Committee makes no mention of including this class of beneficiaries, potentially placing their future rights to Hawaiian home lands and the resources that the HHCA and the Department of Hawaiian Home Lands provide in jeopardy, if a federal court rules against the validity of the HHCA.

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

- (1) Requiring that in order to qualify for self governance, a homestead community association must also represent and include native Hawaiians who have designated that homestead community as their primary choice of residence and who are awaiting an award of a lease under the HHCA in their membership;
- (2) Requiring that rules adopted by the Department of Hawaiian Home Lands governing the empowerment of community associations be done in accordance with chapter 91, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Conference wishes to make clear that the purpose of this measure is to provide for greater self-determination by native Hawaiians residing on Hawaiian home lands over the affairs of their communities, and not to advocate sovereignty.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1102, 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. 1102, S.D. 2, H.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Chun, Kanno, Chun Oakland, Kokubun and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 26 on S.B. No. 1061

The purpose of this measure is to relax unduly restrictive or unnecessary requirements for real estate broker license applicants and condominium hotel operators, and to promote consistency in the administration of the fidelity bond requirement.

Currently, the law requires applicants for the real estate broker's license examination to have been employed full time in the State as a licensed real estate salesperson during the immediately preceding three-year period. This requirement unduly restricts and penalizes applicants who, due to the nature of the profession, are unable to continuously maintain full time employment for three years. Therefore, this measure allows applicants to qualify for the exam if they have accrued at least three years full time experience within the preceding five years.

Additionally, this measure exempts condominium hotel operators who are licensed real estate brokers on active status from registration and fidelity bond requirements since moneys in the real estate recovery fund are available to compensate consumers harmed by the fraudulent practices of a real estate licensee. Finally, this measure makes consistent the fidelity bond requirements applicable to condominium hotel operators and condominium managing agents.

Your Committee has amended this measure by:

- (1) Deleting language in proposed section 467-30(j), Hawaii Revised Statutes, that does not apply to an exemption from registration and fidelity bond requirements for condominium hotel operators licensed as real estate brokers; and
- (2) Making technical amendments to correct a statutory reference and to reflect proper Ramseyering of proposed new text.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1061, 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. 1061, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Souki and Whalen.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Menor, English, Matsunaga and Hogue.
Managers on the part of the Senate.
(Senator Matsunaga was excused.)

Conf. Com. Rep. 27 on S.B. No. 1066

The purpose of this measure is to enhance consumer protection by increasing the net worth requirements for mutual benefit societies and health maintenance organizations (HMOs).

Presently the law requires that mutual benefit societies and HMOs maintain a minimum net worth equal to the greater of \$1,500,000, or sums based upon premium revenues or expenditures. However, the recent seizures of insolvent health insurers by the Insurance Division underscore the need for stricter financial requirements to protect consumers. Therefore, this measure increases the minimum net worth requirement of \$1,500,000 to \$2,000,000, and establishes a phasing in of this requirement. Additionally, this measure requires mutual benefit societies and HMOs to prepare for the Division's review a quarterly net solvency report and establishes penalties for non-compliance.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1066, 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. 1066, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Chang and Whalen.
Managers on the part of the House.

Senators Menor, Kim, Tam and Hogue.
Managers on the part of the Senate.
(Senator Tam was excused.)

Conf. Com. Rep. 28 on S.B. No. 1071

The purpose of this measure is to clarify the bonding and errors and omissions coverage requirements for managing general agents and reinsurance intermediary-managers.

Currently, the law requires managing agents and reinsurance intermediary-managers to be bonded and to maintain an errors and omissions insurance policy, but fails to specify the minimum levels of coverage under the bond and policy.

This measure establishes minimum coverage requirements as follows:

- (1) For managing agents:
 - (a) A bond in an amount equal to the greater of \$100,000 or an unspecified percentage of annual gross direct written premiums; and
 - (b) An errors and omissions policy in an amount equal to the greater of \$1,000,000 or an unspecified percentage of annual gross direct written premiums; and
- (2) For reinsurance intermediary-managers:
 - (a) A bond in an amount equal to the greater of \$500,000 or an unspecified percentage of annual reinsurance premiums managed, but not to exceed \$10,000,000; and
 - (b) An errors and omissions policy in an amount equal to the greater of \$250,000 or an unspecified percentage of annual reinsurance premiums managed, but not exceed \$10,000,000.

Your Committee has amended this measure by inserting specific percentage amounts of ten per cent in the provisions relating to the bond requirement and twenty-five per cent in the provisions relating to the errors and omissions policy requirement. Your Committee also made a technical, nonsubstantive amendment for purposes of consistency and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1071, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1071, H.D. 1, C.D. 1.

Representatives Hiraki, Chang and Whalen.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Menor, Chumbley, English and Hogue.
Managers on the part of the Senate.
(Senator Chumbley was excused.)

Conf. Com. Rep. 29 on S.B. No. 1079

The purpose of this measure is to correct errors and clarify ambiguities in the limited liability partnership (LLP) law.

This measure corrects or clarifies language in provisions of the LLP law relating to partnership name, statement of qualification, cancellation of LLP status, and foreign LLPs. These amendments will provide clearer guidelines for LLPs and make Hawaii's law more consistent with uniform business laws.

Your Committee has amended this measure by:

- (1) Retaining language in section 425-156, Hawaii Revised Statutes (HRS), that provides for continuation of a partnership's LLP status until canceled pursuant to section 425-14, HRS; and
- (2) Correcting a spelling error.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1079, 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. 1079, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Souki and Whalen.

Managers on the part of the House.
(Representative Souki was excused.)

Senators Menor, Kim, Tam and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 30 on S.B. No. 1349

The purpose of this measure is to remove obsolete statutory references from the mutual benefit societies law.

Chapter 416, Hawaii Revised Statutes (HRS), relating to corporations, generally, was repealed following the enactment of the Hawaii Nonprofit Corporation Act, codified in chapter 415B, HRS. References to the repealed chapter, however, remain in section 432:1-201, HRS, a provision in the mutual benefit societies law pertaining to incorporation of a mutual benefit society by charter. This measure removes those obsolete statutory references.

Your Committee has amended this measure by deleting the effective date of July 1, 2010, and inserting language that provides for the measure to take effect upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1349, 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. 1349, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Souki and Whalen.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Menor, Kim, Tam and Hogue.
Managers on the part of the Senate.
(Senator Tam was excused.)

Conf. Com. Rep. 31 on S.B. No. 1550

The purpose of this measure is to protect the privacy of nonpublic personal financial information.

This measure requires an insurance licensee to provide its customers with notice of its privacy policies and practices before disclosing nonpublic personal financial information about the customer to a nonaffiliated third party and of the customer's right to "opt out" of the sharing of the customer's information. The measure imposes requirements relating to the contents of notices and their manner of delivery, establishes limits on the disclosure and use of information, and establishes exceptions to these limits.

Your Committee has amended this measure by replacing its contents with the language of the Senate version, except where retaining language contained in the House version would result in greater accuracy and clarity, and by making additional amendments. As amended, this measure:

- (1) Deletes unnecessary language that deviates from the National Association of Insurance Commissioners' draft language and that expressly limits application of the measure to licensees that hold or maintain nonpublic personal financial information;
- (2) Includes a definition for the term "commissioner";
- (3) Provides the commissioner with the discretion to determine whether an entity's power to exercise, directly or indirectly, a controlling influence over the management or policies of a company constitutes "control", as defined in the proposed new article;
- (4) In proposed section 431:- 302, Hawaii Revised Statutes, cross-references the specific statutory sections that establish exceptions to the notice and opt out requirements;
- (5) Deems a licensee in the process of complying with the rules of the Health Insurance Portability and Accountability Act of 1996 to be compliance with the requirements established in the measure;
- (6) Makes technical, nonsubstantive changes for purposes of clarity and style; and
- (7) Takes effect upon approval, rather than on July 1, 2050.

Finally, your Committee notes that it is its intent that this measure shall govern only the privacy of nonpublic personal financial information and not health information.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1550, 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. 1550, S.D. 2, H.D. 1, C.D. 1.

Representatives Hiraki, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Menor, Kanno, Kim and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 32 on S.B. No. 643

The purpose of this measure is to authorize the counties to enact and enforce ordinances relating to vicious dogs.

Your Committee finds that vicious dogs threaten the public safety and believes that county regulation provides the level of protection and recourse from dog attacks that the public desires and deserves. Your Committee finds that the counties are unsure whether sections 142-74 and 142-75, Hawaii Revised Statutes, relating to dogs, preempt county ordinances regulating the same subject. This measure gives effect to those ordinances and clarifies the preemption issue.

Your Committee has amended this measure by authorizing the counties to enact and enforce ordinances regulating persons who own, harbor, or keep any dog that:

- (1) Has injured, maimed, or destroyed an animal belonging to another person; and
- (2) Has bitten, injured, or maimed a person.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 643, 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. 643, S.D. 2, H.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Buen, Kanno, Kim and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 33 on S.B. No. 185

The purpose of this bill is to prohibit net fishing in certain harbors and bays throughout the State.

Upon further consideration, your Committee on Conference amended this bill by replacing its contents with a single new section to be inserted in chapter 188, Hawaii Revised Statutes, to prohibit all forms of net fishing in a portion of Hanamaulu Bay in Kauai.

Your Conference Committee met to discuss this bill on several occasions, and carefully considered the net fishing restrictions contained in various versions of this measure. Your Conference Committee understands that the problem to be addressed is a user conflict issue and not one of resource conservation.

Your Conference Committee finds that this is a very complex issue, with compelling arguments on both sides. It would be difficult to reach a compromise that would satisfy both user groups. On one hand, recreational pole fishermen are frustrated when their efforts to catch akule are unsuccessful, particularly when net fishermen are catching large schools in nearby waters.

On the other hand, the commercial net fishermen provide the only means to meet the reported statewide market demand of fifty tons of akule per day. A large number of akule customers are senior citizens who rely on this fish as an inexpensive source of protein. DLNR estimates that the price of akule would at least double or possibly triple in price without net fishing. In addition, many of the commercial net fishermen are Hawaiians who have been net fishing for generations.

Taking these factors into consideration, your Conference Committee believes that it makes sense at this time to prohibit net fishing only in Hanamaulu bay. DLNR is currently in the process of reviewing net fishing restrictions in other harbors and bays within the State, and your Conference Committee believes that DLNR should have the opportunity to carefully examine this issue before adopting rules.

Your Conference Committee also agreed to insert a provision to repeal this bill as of June 30, 2003. A two-year ban on net fishing will enable the State to review the impacts of the ban, so that the issue can be revisited.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 185, 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. 185, S.D. 1, H.D. 1, C.D. 1.

Representatives Kanoho, Morita and Jaffe.
Managers on the part of the House.

Senators Kawamoto, Chun, Inouye, Fukunaga and Hemmings.
Managers on the part of the Senate.
(Senator Fukunaga was excused.)

Conf. Com. Rep. 34 on S.B. No. 1199

The primary purpose of this bill is to include certain specific businesses within the definition of "concession" so that that they are subject to public bidding requirements.

Upon further consideration your Committee on Conference has amended this bill to include motor vehicle rental operations under chapter 437D, Hawaii Revised Statutes, within the definition of "concession" so that such concessions are clearly subject to public bidding requirements.

Your Committee on Conference also amended this bill to create an option for parking lot operations so that such operations, due to their unique problems and circumstances, may be exempt from public bidding requirements as determined by the Department of Transportation.

Your Conference Committee further amended this bill so that operations of concessions that furnish goods or services for which there is only one source, as determined by the head of the awarding government agency in a writing to be included in the contract file, shall also be exempt from public bidding requirements. While your Conference Committee anticipates that such single-source exemptions will be rarely invoked and clearly justified when used, your Conference Committee notes that existing law is ambiguous as to how such concessions are to be handled under circumstances when public bidding requirements are not practical.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1199, 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. 1199, S.D. 2, H.D. 1, C.D. 1.

Representatives Souki, Espero and Rath.
Managers on the part of the House.

Senators Kawamoto, Fukunaga, Tam, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Taniguchi and Hemmings were excused.)

Conf. Com. Rep. 35 on S.B. No. 950

The purpose of this bill is to expand the breadth of the Diamond Head State Monument area to include all public lands within the area including Kuilei Cliffs Park, Diamond Head Park, and the BWS booster pump site, and provide that Kuilei Cliffs Park and Diamond Head Park shall be administered by the City and County of Honolulu.

Your Committee on Conference amended this measure by having the Kuilei Cliffs Park be administered in accordance with section 6E-32, Hawaii Revised Statutes, and by correcting the Diamond Head Park tax map key number to 3-1-42:04.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 950, 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. 950, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kawakami and Davis.
Managers on the part of the House.
(Representative Davis was excused.)

Senators Tam, Inouye, Ihara, Matsunaga and Hemmings.
Managers on the part of the Senate.
(Senator Ihara was excused.)

Conf. Com. Rep. 36 on S.B. No. 589

The purpose of this measure is to provide the Insurance Commissioner (Commissioner) with the bare minimum tools necessary to deal with a dental service plan near financial failure.

This measure brings dental insurers under the regulatory umbrella of the insurance code by repealing the Dental Service Corporations Act and Dental Service Organizations Act, expanding the definition of disability insurance under the code to include dental health problems, establishing capital and surplus requirements for dental health insurers in the code, and by making other conforming amendments.

Your Committee has amended this measure by replacing its contents with language that:

- (1) Retains the Dental Service Corporations Act and Dental Service Organizations Act, but provides that dental service corporations and organizations are subject to the requirements of insurance code provisions relating to investigation and examination by the insurance commissioner and supervision, rehabilitation, and liquidation;
- (2) Exempts dental insurers from Insurance Regulation Fund assessments; and
- (3) Repeals the Act on July 1, 2002.

Your Committee recognizes that Hawaii has been well served by dental service plans like the Hawaii Dental Service (HDS) which have continuously provided Hawaii's consumers with much needed coverage and care. These dental service plans have been an integral part of Hawaii's past and will continue to play a critical role in maintaining the health and well-being of Hawaii's citizens

in the present and in the future. These plans have historically shown prudence and responsibility in the governance of their financial resources in meeting their service goals, and there are no indications that they will change this corporate philosophy in the future.

Your Committee, mindful of the application of equal protection laws to its corporate citizens, finds it necessary to recommend the enactment of a law of general applicability for the protection of Hawaii's citizens should a dental service plan not meet the standard of plans referenced above. This proposed law is temporary in nature and has a one-year drop dead clause to enable the Legislature to evaluate this law's efficacy and continued necessity.

It is the explicit intent of the Legislature that this measure is only intended to allow the Commissioner to investigate an insurance company that is currently in distress. It is the explicit understanding and agreement with the Commissioner and the Legislature that the Commissioner will not use this measure to subject any other insurance carrier to any regulatory intrusions of any kind.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 589, 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. 589, S.D. 1, H.D. 1, C.D. 1.

Representatives Hiraki, Souki and Whalen.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Menor, Matsuura, English and Hogue.
Managers on the part of the Senate.
(Senator English was excused.)

Conf. Com. Rep. 37 on S.B. No. 796

The purpose of this measure is to provide immunity for county lifeguards, and the county or State that employs them, from liability against damages arising from the acts or omissions of lifeguards while performing emergency lifeguard services.

Your Committee on Conference notes that the issue of providing lifeguards with immunity has been considered for several sessions. This measure represents the culmination of years of debate and consideration. Your Committee on Conference finds that the equities of the situation dictate that the lifeguards and the State or county have immunity so that lifeguards can at least be provided on the beaches. Testimony on this measure indicated that the prospect of large damage suits contributes to the costs of insurance and the reluctance to providing lifeguards. Your Committee believes that it is better to at least have lifeguards present on the beaches.

Your Committee on Conference has amended this measure by:

- (1) Not including "inattention to duty" as an exception to liability for county lifeguard services;
- (2) Applying the exception to liability for county lifeguard services even while the lifeguard is an "employee of the State"; and
- (3) Adding that the statutory waiver of immunity from liability of the State for torts shall not supersede the exception to liability for county lifeguard services.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 796, 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. 796, S.D. 1, H.D. 2, C.D. 1.

Representatives Kanoho, Hamakawa and Marumoto.
Managers on the part of the House.

Senators Tam, Kanno, Kim, Chumbley, Chun, English and Slom.
Managers on the part of the Senate.
(Senator Chumbley was excused.)

Conf. Com. Rep. 38 on S.B. No. 224

The purpose of this measure is to make an appropriation for pineapple research.

Your Committee finds that due to the importance of Hawaii's pineapple industry to Hawaii's agriculture industry and overall economy, further support of pineapple research is warranted. The appropriation provided by this measure will help with the funding of ongoing and new pineapple research.

Your Committee has amended this measure by:

- (1) Appropriating \$39,000 for each year of the fiscal biennium; and
- (2) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 224, 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. 224, S.D. 1, H.D. 2, C.D. 1.

Representatives Abinsay, Cabrereros and Davis.
Managers on the part of the House.

Senators Buen, Matsuura, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 39 on S.B. No. 638

The purpose of this measure is to appropriate funds for the pumping of water for the Molokai Irrigation System until the reservoir water level reaches the forty-foot level, or until the funds are expended.

Your Committee finds that the Molokai water shortage is at a critical stage and the Molokai Irrigation System (MIS) water level is at very low levels. Unless action is taken immediately, Molokai's farmers will not have the water needed to maintain their farming operations in the near future. The urgent appropriation provided by this measure will help Molokai's farmers cope with the drought they currently endure and prepare them for the upcoming dry season.

Your Committee has amended this measure by changing the appropriation amount from \$1 to \$100,000, appropriating out of the general revenues instead of the Hawaiian home lands trust fund, and designating the Department of Agriculture as the expending agency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 638, 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. 638, S.D. 2, H.D. 1, C.D. 1.

Representatives Takamine, Nakasone and Davis.
Managers on the part of the House.

Senators Buen, Chun, Kokubun, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Taniguchi and Hemmings were excused.)

Conf. Com. Rep. 40 on S.B. No. 981

The purpose of this measure is to:

- (1) Increase the number of members on the board from six to seven, and at-large membership from two to three;
- (2) Clarify that a simple majority of members of the board of land and natural resources present and qualified to vote is sufficient to render a decision on conservation district permits and site plans; and
- (3) Make an unspecified appropriation.

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

- (1) Add a purpose section and the intent of the legislature to further clarify "simple majority" with regards to decisions rendered pursuant to section 183C-6, HRS; and
- (2) Delete the appropriation section.

Nothing in this measure should be construed as a position either for or against any application for a permit pursuant to section 183C-6, HRS, that is pending before the board on the effective date of this Act.

Your Committee on Conference finds that the measure will bring clarity to this specific issue, and acknowledges that there remains for future discussion a broader concern with the determination of whether a member is qualified to vote and its subsequent impact on critical land use decisions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 981, 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. 981, S.D. 1, H.D. 2, C.D. 1.

Representatives Kanohe, Saiki, Ito, Schatz, Meyer and Thielen.
Managers on the part of the House.
(Representative Ito was excused.)

Senators Inouye, Kanno, Kokubun and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 41 on S.B. No. 1435

The purpose of this bill is to establish within the Department of Business, Economic Development, and Tourism, for administrative purposes only, the hydrogen public/private partnership to support and promote hydrogen use in Hawaii's energy economy, with assistance from the Hawaii Natural Energy Institute of the University of Hawaii.

Upon further consideration, your Committee on Conference amended this bill to:

- (1) Appropriate \$200,000 from the special land and development fund for fiscal year 2001-2002;
- (2) Require federal government matching funds of not less than one dollar for every special fund dollar; and
- (3) Delete the requirement for matching funds from the private sector.

While your Committee on Conference has deleted the private sector matching requirement, the Department of Business, Economic Development, and Tourism is urged to pursue private financial support for hydrogen research and development efforts.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1435, 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. 1435, S.D. 1, H.D. 1, C.D. 1.

Representatives Morita, Suzuki and Thielen.
Managers on the part of the House.

Senators Inouye, Tam, Taniguchi, Chun Oakland, Ihara and Hemmings.
Managers on the part of the Senate.
(Senators Chun Oakland and Ihara were excused.)

Conf. Com. Rep. 42 on S.B. No. 498

The purpose of this measure is to appropriate funds from the Hawaiian Home Trust Fund for the maintenance and upkeep of the Nanakuli Homestead Cemetery.

Your Committee has amended the measure by:

- (1) Changing the funding source from the Hawaiian Home Trust Fund to the general fund;
- (2) Deleting references to the specific ethnic or religious areas of the cemetery to which moneys are to be allocated;
- (3) Replacing the \$1 appropriation with \$76,020;
- (4) Including a section that requires the Department of Hawaiian Home Lands to report to the 2002 Legislature on the actions taken by the department to maintain and upkeep the Nanakuli Cemetery; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 498, 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. 498, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kawakami and Davis.
Managers on the part of the House.
(Representative Kawakami was excused.)

Senators Hanabusa, Chun, Chun Oakland, Kokubun, and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 43 on S.B. No. 105

The purpose of this measure is to provide funds for the development of infrastructure, including water infrastructure, at Kikala-Keokea on the island of Hawaii.

Specifically, the measure:

- (1) Statutorily establishes an Infrastructure Development Fund for the development of infrastructure at Kikala-Keokea;
- (2) Statutorily establishes the Kikala-Keokea Housing Revolving Fund to provide low interest loans for home construction for Kikala-Keokea leaseholders who have been denied loans;
- (3) Transfers unexpended or unencumbered funds remaining in the Infrastructure Development Fund on June 30, 2003, to the Kikala-Keokea Housing Revolving Fund; provided that funding commitments to complete the design and construction of infrastructure improvements must first be executed; and
- (4) Appropriates \$1,750,000 from the Infrastructure Development Fund for infrastructure development at the Kikala-Keokea subdivision, to be matched by OHA.

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

- (1) Delaying the lapsing of funds contained in the Infrastructure Development Fund to the Kikala-Keokea Housing Revolving Fund for one year so that more time will be available to complete infrastructure installation;
- (2) Limiting OHA's financial participation to only providing matching funds for infrastructural development up to a maximum of \$1.35 million;
- (3) Providing that all unexpended and unencumbered moneys remaining in the Infrastructure Development Fund that were deposited by OHA are to be refunded to OHA upon the completion of the Infrastructure Development Fund's intended purpose;
- (4) Changing the effective date from July 1, 2001, to June 29, 2001; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 105, 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. 105, S.D. 1, H.D. 1, C.D. 1.

Representatives Hale, Espero, Cabrerros, Magaoay, Jaffe and Rath.
Managers on the part of the House.
(Representative Jaffe was excused.)

Senators Chun, Inouye, Chun Oakland, Kokubun, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 44 on S.B. No. 927

The purpose of this measure is to authorize the Research Corporation of the University of Hawaii to negotiate, on approval of the governor, for development of a program to provide for development of adult day health care centers with services for frail and elderly persons as well as physically and mentally disabled adults of all ages.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Require the center to be a freestanding facility; and
- (2) Appropriate \$300,000 for fiscal year 2001-2002, and \$300,000 for fiscal year 2002-2003, for development of a private research center and an adult health care program, to be expended by the University of Hawaii at Manoa.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 927, 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. 927, S.D. 1, H.D. 1, C.D. 1.

Representatives Kahikina, Arakaki, Kawakami, Takai, Rath and Stonebraker.
Managers on the part of the House.
(Representatives Takai and Stonebraker were excused.)

Senators Matsuura, Sakamoto, Kawamoto and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 45 on S.B. No. 493

The purpose of this measure is to establish:

- (1) The Hawaii School Repair and Maintenance Fund as a separate fund of Hawaii 3R's, a nonprofit corporation, for the coordination of private and federal efforts to repair and maintain public schools; and
- (2) A tax credit.

Your Committee endorses the concept of forging a public private partnership, utilizing the community's resources and "sweat equity" to support our public schools. It is expected and intended that as the program develops, the State will realize increasing savings by matching limited repair and maintenance moneys with resources from private, federal, county, and community sources. This measure immediately doubles the State's investment at the outset and your Committee finds that there is potential for even greater leveraging in the future.

Your Committee has amended the measure by:

- (1) Lowering the estimated repair and maintenance backlog from "more than \$640,000,000" to "more than \$600,000,000";
- (2) Changing the Hawaii 3R's nonprofit fiscal agent of the fund from America's Promise to Helping Hands Hawaii;

- (3) Adding pest control operators licensed under chapter 460J, Hawaii Revised Statutes, to the list of licensed contractors, architects, engineers, surveyors, and landscape architects who are authorized to take a tax credit in exchange for the donation of their professional services to the repair and maintenance program;
- (5) Clarifying that the aggregate value of the contributions of in-kind services claimed by a taxpayer shall not exceed \$40,000;
- (6) Adding a provision defining the value of contributions of in-kind services as the fair market value of uncompensated labor as determined by the Department of Accounting and General Services;
- (7) Deleting a provision which prohibited deductions for that portion of the contributions paid or incurred for the taxable year that is equal to the amount of the credit;
- (8) Adding a provision requiring:
- (A) The Department of Accounting and General Services to maintain records of the names of taxpayers eligible for the credit and the total value of in-kind services contributed for the repair and maintenance of public schools for the taxable year;
 - (B) The Department of Accounting and General Services to verify all accounts, total all contributions that the department certifies, and, upon each determination, issue a certificate to the taxpayer certifying:
 - (i) The amount of the contribution;
 - (ii) That the taxpayer is licensed under chapter 444, 460J, or 464, Hawaii Revised Statutes; and
 - (iii) That the taxpayer has obtained a current and valid certificate signed by the director of taxation, showing that the taxpayer does not owe the State any delinquent taxes, penalties, or interest; and
 - (C) The Department of Accounting and General Services to immediately discontinue certifying contributions and notify the Department of Taxation when the total amount of certified contributions reaches \$2,500,000; and
- (9) Adding a provision capping the amount of tax credits for contributions of in-kind services in Hawaii for the repair and maintenance of schools at \$250,000;
- (10) Requiring that funds appropriated by the State pursuant to this Act be matched by private, county, and federal contributions and establishing criteria for matching funds;
- (11) Authorizing Helping Hands Hawaii to expend the principal funds in the Hawaii School Repair and Maintenance Fund;
- (12) Providing that the State shall not be liable for the operation or solvency of Helping Hands Hawaii or Hawaii 3R's;
- (13) Requiring that the comptroller submit an annual report on the progress of the Hawaii School Repair and Maintenance Fund to the regular sessions of the Legislature;
- (14) Appropriating \$500,000 each year for the fiscal years of 2001-2002 and 2002-2003 as a grant-in-aid to Helping Hands Hawaii for the High School Repair and Maintenance Fund and designating the Department of Accounting and General Services as the expending agency; and
- (15) Appropriating \$41,772 for a civil-service exempt position within the Department of Accounting and General Services to coordinate public and private efforts to repair and maintain public schools;
- (16) Making the endowment component of the fund optional, not mandatory;
- (17) Deleting the provision requiring compliance with chapter 42F, Hawaii Revised Statutes;
- (18) Changing the recipient of the annual independent audit of the fund from the Attorney General to the Department of Accounting and General Services;
- (19) Deleting the Attorney General from the roster of entities authorized to inspect the records of the fund; and
- (20) Numerous technical, nonsubstantive amendments for the purposes of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 493, 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. 493, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Nakasone and Leong.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Hanabusa, Ige, Tam and Hogue.
Managers on the part of the Senate.
(Senators Hanabusa and Ige were excused.)

The purpose of this measure is to appropriate moneys for the payment of settlements of claims against the University for judgments and for other miscellaneous payments.

Your Committee has amended the measure by:

- (1) Adding a provision stating that all unexpended and unencumbered balances of the appropriations made by section 1 of this Act as of the close of business on June 30, 2002, shall lapse into the general fund; and
- (2) Adding an additional appropriation of \$11,666 to settle the case of Deborah Reid v. University of Hawaii, et al.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1209, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1209, H.D. 1, C.D. 1.

Representatives Takamine, Cabrereros and Davis.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Chun, Hanabusa and Hogue.
Managers on the part of the Senate.
(Senators Chun and Hanabusa were excused.)

Conf. Com. Rep. 47 on S.B. No. 1211

The purpose of this measure is to:

- (1) Establish the school-level minor repairs and maintenance special fund to provide moneys for school-level minor repairs and maintenance accounts; and
- (2) Allow an individual whose state income tax refund for any taxable year is \$2 or more to designate \$2 of the same to be paid over to the special fund.

Your Committee has amended the measure by:

- (1) Increasing the maximum limit of the two school-level minor repairs and maintenance accounts from \$8,000 to \$25,000;
- (2) Adding a provision requiring the Department of Education to submit a report to the Director of Finance ninety days after the close of each fiscal year, identifying the total amount of funds in each account that will carry over to the next fiscal year, and a copy of this same report to the legislature at least twenty days prior to the convening of the next regular session of the legislature;
- (3) Adding a provision clarifying that the report to be submitted by each school principal through the Superintendent of Education to the Department of Accounting and General Services for each account shall be in the form prescribed by the comptroller; and
- (4) Increasing the appropriation from \$1 to \$1,000,000 for fiscal year 2001-2002 and 2002-2003, and making technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1211, 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. 1211, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Nakasone and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

Senators Sakamoto, Chun Oakland, Ige, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 48 on S.B. No. 1212

The purpose of this measure is to give the Hawaii Teachers Standards Board the authority to license teachers, rather than the Department of Education.

Your Committee has amended this measure by:

- (1) Deleting the definition of "credential" in section 302A-501, Hawaii Revised Statutes (HRS);
- (2) Clarifying the definition in section 302A-501, HRS, of "teacher" to mean a licensed employee of the Department of Education paid under the salary schedule contained in the unit 5 collective bargaining agreement;
- (3) Adding a definition in section 302A-501, HRS, that "emergency hire" means an unlicensed employee of the department paid under the salary schedule contained in the unit 5 collective bargaining agreement;

(4) Deleting provisions requiring that beginning July 1, 2002, all references to the terms "credential" and "credentialing" to read "permit" and "permitting" and adding a new section requiring the removal of all references to "credential" and "credentialing" in sections 302A-410, 302A-610, 302A-802, 302A-803, and 302A-807, as well as the phrase "teacher's or" from section 302A-616(a)(4);

(5) Adding provisions to sections 302A-602 and 302A-603, HRS, allowing the department, beginning with the 2002-2003 school year, to employ unlicensed individuals as emergency hires pursuant to sections 302A-801 to 302A-808, HRS;

(6) Deleting in section 302A-618(b), HRS, the classification of teachers; and

(7) Adding a provision to section 302A-803(4), HRS, that, from the 2007-2008 school year onward, the Hawaii Teacher Standards Board's shall submit a summary report every five years of the board's accomplishment of objectives, efforts to improve or maintain teacher quality, and efforts to keep its operations responsive and efficient;

(8) Eliminating a requirement in 302A-807, HRS, that requests be filed with the board through the Department of Education;

(9) Making numerous replacements in sections 302A-602, 302A-602.5, 302A-603, 302A-610, 302A-616, and 302A-618, HRS, of the words "certificate" and "credential" with "license," "department" with "board," and "1997-1998" with "2002-2003";

(10) Adding a provision transferring a personnel specialist from the Department of Education to the Hawaii Teachers Standards Board on April 1, 2002; and

(11) Adding an appropriation for \$86,807 and \$347,228 for the fiscal years of 2001-2002 and 2002-2003 respectively.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1212, 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. 1212, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Kawakami and Leong.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Chun Oakland, Ige and Hogue.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 49 on S.B. No. 1214

The purpose of this measure is to:

(1) Authorize the Hawaii Teacher Standards Board to develop, implement, and administer a support program for National Board Certification candidates in the DOE; and

(2) Increases bonus for certified teachers to \$5,000 for each year certificate is valid; and

(3) Appropriates \$1 for fiscal years 2001-2002 and 2002-2003.

Your Committee upon further consideration has amended the measure by:

(1) Stipulating that the application fee for National Board Certification shall be paid by the National Board Certification Candidate Support Program, not reimbursed;

(2) Deleting the bonus provision; and

(3) Substituting the \$1 appropriation amounts with \$75,000 for fiscal year 2001-2002 and \$115,000 for fiscal year 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1214, 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. 1214, S.D. 2, H.D. 1, C.D. 1.

Representatives Ito, Kawakami and Leong.
Managers on the part of the House.

Senators Sakamoto, Chun Oakland, Ige, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Ige and Taniguchi were excused.)

Conf. Com. Rep. 50 on S.B. No. 1362

The purpose of this measure is to:

(1) Require coaches coaching for the Department of Education to be paid on an allocation basis;

(2) Require coaches to receive allocation increases commensurate to those collectively bargained for teachers;

(3) Appropriate funds to increase the base allocations of coaches who are employed by the Department of Education in other capacities by 100% and coaches who are not employed by the Department of Education in other capacities by 50%.

Your Committee amended the measure by:

- (1) Establishing the 2000-2001 coaching stipend as the base stipend;
- (2) Appropriating funds to increase the base stipend of coaches who are employed by the Department of Education as teachers by 25% and coaches who are not employed by the department as teachers by 12.5% for the fiscal biennium of 2001-2003; and
- (3) Increasing the base stipend of coaches who are employed by the Department of Education as teachers by 50% and coaches who are not employed by the department as teachers by 25%, effective July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1362, 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. 1362, S.D. 2, H.D. 1, C.D. 1.

Representatives Ito, Kawakami and Leong.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Ige, Kawamoto and Hogue.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 51 on H.B. No. 1339

The purpose of this bill is to recognize the semi-autonomous status of the county water supply boards (boards) by limiting to the water boards the authority to assess, impose, levy, and collect impact fees for any development involving water supply or service. Currently, this authority rests with the counties.

Your Committee on Conference has amended this bill to specify the purpose for which any unrefunded amounts of impact fees may be used by requiring that moneys deposited into:

- (1) The county's general fund be used for any public purpose not involving water supply or service; and
- (2) The Board's general fund be used for any public purpose involving water supply or service.

The intent of these amendments is to make these expenditure provisions consistent with other provisions of this bill.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1339, 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. 1339, H.D. 1, S.D. 1, C.D. 1.

Representatives Kanoho, Nakasone and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators Inouye, English, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 52 on H.B. No. 118

The purpose of this bill is to support and encourage the growth of the family child care home industry by:

- (1) Extending the time period in which family child care homes located within townhouses have to notify their respective associations;
- (2) Requiring operators of family child care homes to assume the responsibility for all physical modifications to the unit and common areas of the family child care home that are readily achievable;
- (3) Clarifying the extent to which a family child care home is subject to the respective association's declarations, by-laws, or rules;
- (4) Eliminating unnecessary notarization requirements;
- (5) Setting a coverage limit of \$1,000,000 in liability insurance for a family child care provider; and
- (6) Changing the repeal date of the family child care home law to June 30, 2005.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the number of children four years of age or younger in Hawaii; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 118, 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. 118, H.D. 3, S.D. 2, C.D. 1.

Representatives Kahikina, Hiraki, Kawakami, Yonamine, Auwae and Stonebraker.
Managers on the part of the House.
(Representatives Yonamine and Stonebraker were excused.)

Senators Matsuura, Menor, Buen and Hogue.
Managers on the part of the Senate.
(Senator Buen was excused.)

Conf. Com. Rep. 53 on H.B. No. 646

The purpose of this bill is to decriminalize the sale of sterile syringes to persons who may use them for the injection of illicit drugs.

Your Committee on Conference has amended this bill by:

- (1) Adding language which requires the Director of Health to:
 - (a) Develop and implement a plan to dispose of used syringes received from the public;
 - (b) Develop and implement a tracking system for syringe purchases; and
 - (c) Submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2002 on the status of the disposal and tracking system;
- (2) Changing the effective date to upon its approval; provided that the new statutory section takes effect on July 1, 2002 and is repealed on July 1, 2004; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 646, 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. 646, H.D. 1, S.D. 2, C.D. 1.

Representatives Arakaki, Hamakawa and Thielen.
Managers on the part of the House.

Senators Matsuura, Menor and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 54 on H.B. No. 1556

The purpose of this bill is to increase the loan ceiling for farm ownership and improvement (Class A) loans and farm operating (Class C) loans from \$400,000 to \$600,000.

Your Committee on Conference finds that agriculture in Hawaii has changed over the past few years from massive sugarcane and pineapple plantations to smaller diversified farms. This bill provides these smaller farms access to more capital, thereby promoting greater opportunities for growth and expansion.

Your Committee on Conference has amended this measure by increasing the loan ceiling for Class A and Class C loans from \$600,000 to \$800,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1556, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1556, S.D. 1, C.D. 1.

Representatives Abinsay, Cabrerros and Halford.
Managers on the part of the House.
(Representative Halford was excused.)

Senators Buen, Chun, Kokubun and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 55 on H.B. No. 503

The purpose of this bill is to provide a fair solution to the uncertainty faced by agricultural lessees whose state leases are nearing expiration. This bill allows the Board of Land and Natural Resources (BLNR), without public auction, to enter into an extension or a new agricultural lease with the existing lessee if:

- (1) The lease has expired or will expire within five years;
- (2) There are no other qualified bidders for a leased property, or there are other comparable lands available to other potential lessees;
- (3) The land is being actively and productively used for the purposes stated in the lease;
- (4) The current lessee is not otherwise in default under the terms of the lease or permit; and
- (5) BLNR has not determined that the public interest dictates that the land should be converted to other uses.

This bill further specifies that the length of lease extensions or new leases shall be not less than ten years and not more than twenty years.

Your Committee on Conference has amended this bill by requiring the Department of Land and Natural Resources and the Department of Agriculture to:

- (1) Identify all agricultural lands currently under revocable permits or under leases from the State that will expire prior to July 1, 2011;
- (2) Determine the availability of farmlands with appropriate infrastructure;
- (3) Determine the projected need for agricultural lands; and
- (4) Determine the ability of the State to meet this projected need.

Technical, nonsubstantive amendments have also been made for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 503, 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. 503, H.D. 2, S.D. 2, C.D. 1.

Representatives Kanoho, Abinsay, Nakasone, Cabrerros, Gomes and Halford.
Managers on the part of the House.
(Representatives Gomes and Halford were excused.)

Senators Buen, Inouye and Kokubun.
Managers on the part of the Senate.

Conf. Com. Rep. 56 on H.B. No. 638

The purpose of this bill is to enable the Department of Human Services (DHS) to better administer its assistance programs with regard to real property liens.

This bill has been amended by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 638, 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. 638, H.D. 1, S.D. 2, C.D. 1.

Representatives Kahikina, Nakasone and Rath.
Managers on the part of the House.

Senators Matsuura, Hanabusa, Kawamoto, Menor and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 57 on H.B. No. 731

The purpose of this bill is to allow the University of Hawaii (UH) the flexibility to manage its resources by allowing UH to transfer all UH funds, with the exception of general funds, into the UH Commercial Enterprises Revolving Fund (Revolving Fund).

Your Committee on Conference finds that this measure will allow the Revolving Fund to finance new commercial enterprises that will generate revenues to increase UH's fiscal self-sufficiency. While supporting the goal of allowing UH greater flexibility with regard to managing its own resources, your Committee on Conference finds that the Legislature must at the same time ensure

accountability. Your Committee on Conference believes that if the purpose of creating the Revolving Fund is to generate revenues for UH, then UH does not need permanent authority for the resource allocation provided by this measure.

Therefore, your Committee on Conference has amended this measure by:

- (1) Including a requirement that UH provide an annual report to the Legislature on all funds transferred into the Revolving Fund and all expenditures from the Revolving Fund; and
- (2) Placing a three-year time limit on UH's transfer of all non-general funds at its disposal into the Revolving Fund. Specifically, the measure now restricts inter-fund transfers to the period from July 1, 2001, to June 30, 2004.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 731, 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. 731, H.D. 1, S.D. 2, C.D. 1.

Representatives Takumi, Magaoay and Ontai.
Managers on the part of the House.
(Representative Ontai was excused.)

Senators Sakamoto, Ige, Matsunaga, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Matsunaga and Taniguchi were excused.)

Conf. Com. Rep. 58 on H.B. No. 16

The purpose of this measure is to exempt a time share interest owner from licensing under chapter 467, Hawaii Revised Statutes, when the owner refers a prospective buyer to a developer, sales agent, or resale agent and receives nonmonetary compensation of not more than \$1,000 during any twelve-month period, and to clarify the roles of the owner, developer, sales agent, and resale agent.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Further clarify that the role of the owner is limited to providing the name and address of the prospective purchaser and that the owner shall not advertise or promote the time share plan or the referral provided to developers, sales agents, or resale agents;
- (2) Delete, as unnecessary and duplicative, the language on the role of the developer, sales agent, or resale agent with regard to providing information and correcting any misrepresentation by the owner; and
- (3) Make technical, nonsubstantive amendments for conformance of language.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 16, 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. 16, H.D. 2, S.D. 2, C.D. 1.

Representatives Chang, Hiraki and Marumoto.
Managers on the part of the House.
(Representative Marumoto was excused.)

Senators Kim, Menor, English and Hogue.
Managers on the part of the Senate.
(Senator English was excused.)

Conf. Com. Rep. 59 on H.B. No. 896

The purpose of this bill is to make technical amendments to Act 241, Session Laws of Hawaii 2000, which completely revised Article 9 of Hawaii's Uniform Commercial Code (UCC).

Your Committee on Conference finds that the revision of UCC Article 9 was a five-year project undertaken by the National Conference of Commissioners on Uniform State Laws (NCCUSL). Because of the complex nature of the project, there were some errors and ambiguities that were not detected until after NCCUSL adopted the revised Article 9 in 1998.

The amendments proposed in this bill will maintain the conformity of Act 241, Session Laws of Hawaii 2000, to UCC Article 9 as revised by NCCUSL.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 896, 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. 896, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Chang and Whalen.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Menor, Chumbley, Kim and Hogue.
Managers on the part of the Senate.
(Senator Chumbley was excused.)

Conf. Com. Rep. 60 on H.B. No. 945

The purpose of this bill is to amend the social work law to recognize additional levels of licensure for social workers that recognize persons with bachelor's degrees in social work and certifications in clinical social work. Among other things this bill:

- (1) Specifies licensure requirements for licensed bachelor social workers, licensed social workers, and licensed independent clinical social workers;
- (2) Provides title and practice protection for licensed social workers; and
- (3) Provides that communication between licensed independent clinical social workers and their clients are to be treated in the same manner as psychologist-client communications under Rule 504.1 of the Hawaii Rules of Evidence.

Your Committee on Conference has amended this bill by removing its substance other than the privileged communications provisions of the bill, and has inserted the substance of H.B. No. 945, H.D. 1.

In addition to protecting communications between licensed independent clinical social workers and their clients, the amended measure:

- (1) Expands the definition of "practice of social work" to recognize clinical diagnosis or psychotherapy by licensed social workers who are certified as clinical social workers by the National Association of Social Workers or the American Board of Examiners in Clinical Social Work, and are registered with the Department of Commerce and Consumer Affairs (DCCA);
- (2) Prohibits persons from performing clinical diagnosis or psychotherapy unless they are duly registered with (DCCA); and
- (3) Changes the effective date to adding a repeal date of January 1, 2003.

Your Committee on Conference realizes that both houses of the legislature attempted to pass a measure that created a three-tiered licensure system for social workers. However, all parties concerned could not come to an amicable agreement on this issue. Your Committee on Conference notes that this measure is still a work in progress and hopes that the groups concerned with this issue resolve their differences during the interim, work to draft a new bill on a licensure system for social workers, and present that bill during the next legislative session. In drafting this bill, the parties shall consider public safety, appropriate work experience, and education requirements.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 945, 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. 945, H.D. 1, S.D. 2, C.D. 1.

Representatives Arakaki, Hiraki, Case, Yonamine, McDermott and Whalen.
Managers on the part of the House.
(Representatives Case and McDermott were excused.)

Senators Matsuura, Menor and Nakata.
Managers on the part of the Senate.

Conf. Com. Rep. 61 on H.B. No. 614

The purpose of this bill is to repeal statutory references to the Public-Private Partners for Literacy Trust Fund (Trust Fund) and Advisory Alliance for Literacy and Lifelong Learning.

Your Committee on Conference finds that these statutes are unnecessary and refer to programs that are either outdated or are not under the control of the Hawaii State Public Library System (HSPLS). HSPLS has no specific connection to the Trust Fund and its moneys or operation. However, your Committee on Conference would like to state that the intention of this bill is to clarify the statutes and not to affect the ongoing operations of the Trust Fund.

Your Committee on Conference has amended this bill by making a technical, nonsubstantive change for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 614, 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. 614, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Kawakami and Bukoski.
Managers on the part of the House.

Senators Sakamoto, English, Ige, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators English and Ige were excused.)

Conf. Com. Rep. 62 on H.B. No. 868

The purpose of this bill is to clarify that the military representative to the Board of Education (BOE) shall act as a nonvoting member, and shall be seated alongside other members and participate fully in discussions other than those taking place during executive meetings.

Your Committee on Conference supports the effort to ensure that the military representative is allowed to fully participate in BOE meetings. However, as currently drafted, this bill establishes the military representative as a nonvoting member of the BOE, and is, therefore, in conflict with the State Constitution which prescribes the membership of the BOE.

Accordingly, your Committee on Conference has amended this bill by:

- (1) Deleting the language that establishes the military representative as a nonvoting member of the BOE and restoring the original statutory language specifying that the military representative act as a liaison to the BOE; and
- (2) Making technical nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 868, 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. 868, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Garcia and Bukoski.
Managers on the part of the House.

Senators Sakamoto, Kawamoto, Chun Oakland, Ige and Hogue.
Managers on the part of the Senate.
(Senators Ige and Hogue were excused.)

Conf. Com. Rep. 63 on H.B. No. 1111

The purpose of this bill is to authorize the issuance of special purpose revenue bonds (SPRBs) of up to \$25,000,000 for the Kulana Malama Intergenerational Care Center at Ewa Villages.

Your Committee on Conference has amended this bill by deleting its contents and substituting the substance of H.B. No. 1111, H.D. 1. Specifically, this bill has been amended to:

- (1) Simplify the explanation dealing with refunding of SPRBs;
- (2) Removes the extension of the sunset provision in Section 39A-52, Hawaii Revised Statutes; and
- (3) Makes technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1111, 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. 1111, H.D. 1, S.D. 2, C.D. 1.

Representatives Arakaki, Saiki and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Matsuura, Hanabusa and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 64 on H.B. No. 77

The purpose of this bill is to appropriate funds to the Department of Defense to enable the State to make a long overdue donation to the Women in Military Service for America Memorial in the Arlington National Cemetery.

Your Committee on Conference has amended this bill by changing the appropriation amount to \$7,800.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 77, 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. 77, H.D. 1, S.D. 1, C.D. 1.

Representatives Garcia, Nakasone and Djou.
Managers on the part of the House.
(Representative Djou was excused.)

Senators Kawamoto, Taniguchi, Buen, Sakamoto and Hemmings.
Managers on the part of the Senate.

(Senator Sakamoto was excused.)

Conf. Com. Rep. 65 on H.B. No. 702

The purpose of this bill is to establish a correctional health care program within the Department of Public Safety, whose administrator and physicians are exempt from civil service law.

Your Committee on Conference has amended this bill by providing that any physician appointed under chapter 76, Hawaii Revised Statutes, has the option to become an exempt employee by exercising this right within 60 days after the effective date of this Act.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 702, 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. 702, H.D. 2, S.D. 1, C.D. 1.

Representatives Garcia, Yoshinaga, Nakasone, Saiki, Djou and Rath.
Managers on the part of the House.
(Representatives Saiki and Rath were excused.)

Senators Matsuura, Hanabusa, Kanno and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 66 on H.B. No. 236

The purpose of the bill is to:

- (1) Criminalize sexual penetration and sexual contact with a minor who is age 14, if the actor is 19 years or older and not married to the minor;
- (2) Remove the knowing state of mind for conduct of sexual penetration and sexual contact;
- (3) Require the prosecuting attorney of each county to maintain a record of all cases received and prosecuted as sexual assault in the first degree and third degree during an eighteen-month period; and
- (4) Require the Legislative Reference Bureau (LRB) to review the effectiveness and impact of this Act, based on the data provided by the Prosecuting Attorney of the City and County of Honolulu, and report its findings to the Legislature.

Your Committee on Conference finds that, in 1996, the Hawaii Supreme Court held that the "legislative history (of these sections) unequivocally indicates that, where the age of the victim is an element of a sexual offense, the specified state of mind is not intended to apply to that element." (*State v. Buch*, 83 Haw. 308, 1996). The term "knowing" relates to the act of sexual contact or penetration, not to the knowledge of the child's age. Therefore, your Committee on Conference has amended the bill by reinserting the required "knowing" state of mind.

Based on testimony and discussions among professionals involved in a variety of aspects of this area, your Committee on Conference is aware of the disparate views involving this sensitive subject and, therefore, finds that a comprehensive study on the issues dealing with the age of consent must be conducted so that the Legislature can better address these issues during future legislative sessions. Therefore, your Committee on Conference has amended this bill by expanding the review of the impact of this bill by requiring the Attorney General, with the aid of the Coalition for the Prevention of Sex Assault, to convene a task force to conduct a comprehensive review.

Your Committee on Conference has further amended this bill by:

- (1) Requiring for the offense of sexual assault in the first degree and the third degree that:
 - (a) The minor be at least 14 years old but less than 16 years old; and
 - (b) The defendant be at least 5 years older than the minor and not married to the minor;
- (2) Making the language gender neutral; and
- (3) Making other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 236, 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. 236, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Gomes.
Managers on the part of the House.

Senators Matsuura, Kanno and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 67 on H.B. No. 123

The purpose of this bill is to:

- (1) Define "school zones";
- (2) Establish a 15 miles per hour speed limit for school zones; and
- (3) Delineate fines for first and repeated offenses.

Your Committee on Conference believes that school zones as well as construction areas present a particularly high level of risk to pedestrians and motorists traveling through these areas.

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

- (1) Deleting the 15 miles per hour speed limit for school zones;
- (2) Replacing the schedule of fines with a flat fine of \$250; and
- (3) Amending the definition of "school zones" by authorizing the Department of Transportation and the counties to designate such areas in their respective jurisdictions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 123, 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. 123, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Hamakawa and Gomes.
Managers on the part of the House.
(Representative Gomes was excused.)

Senators Kawamoto, Kanno, Buen and Menor.
Managers on the part of the Senate.
(Senator Buen was excused.)

Conf. Com. Rep. 68 on H.B. No. 135

The purpose of this bill is to:

- (1) Require drivers to place passengers, who are under 8 years old and weigh less than 80 pounds, in a child passenger restraint system; provided that:
 - (A) If a vehicle is equipped only with lap seat belts, a booster seat will only be required for a child who is under 8 years old and weighs less than 60 pounds; and
 - (B) If the child is at least 4 years old, the child must be properly restrained in a booster seat or child safety seat;
- (2) Require children who are between 7 and 15 years old to use seat belts; and
- (3) Prohibits the operator of a pickup truck to operate the vehicle with any passenger who is 17 years old or younger, in the bed or load-carrying area of the vehicle.

Your Committee on Conference has amended this bill by:

- (1) Prohibiting drivers from transporting passengers, who are under 8 years old, unless:
 - (A) A child who is under 4 years old is properly restrained in a child passenger restraint system; and
 - (B) A child who is 4 years old but less than 8 years old and under 80 pounds, is properly restrained in a child safety seat or booster seat; provided that children over 60 pounds are exempt from this requirement if the vehicle is equipped with only lap belts in the rear seat, without shoulder straps;
- (2) Require children who are between 8 and 14 years old to use seatbelts;
- (3) Deleting the provision increasing the age limitation for passengers riding in the back of pickup trucks; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 135, 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. 135, H.D. 2, S.D. 1, C.D. 1.

Representatives Souki, Hamakawa and Gomes.
Managers on the part of the House.
(Representative Gomes was excused.)

Senators Kawamoto, Kanno, Fukunaga and Kim.
Managers on the part of the Senate.
(Senator Kim was excused.)

Conf. Com. Rep. 69 on H.B. No. 728

The purpose of this bill is to give the Airports Division, Department of Transportation (DOT), greater flexibility in developing its lands and facilities and to streamline the approval and permitting process by:

- (1) Allowing the disposition of public lands by the expedited negotiation procedure where the purpose is "airport related;" that is, the purpose or activity requires air transportation to achieve its purpose or activity; and
- (2) Exempting from county approval, including special management areas permitting requirements, all structures and improvements to land to be used for airport purposes.

Your Committee on Conference is cognizant of the concern that this measure usurps a county's regulatory powers in the construction of improvements. In recognition of such county powers in the context of the bill's purpose to streamline the approval and permitting process for airport land development, your Committee on Conference has amended this measure by requiring DOT to submit its plans and specifications to the county and empowering the county to disapprove the plans and specifications within 45 days after submittal.

The intent of this bill is not to circumvent county jurisdiction but to eliminate costly and time consuming duplication on the part of both state and county governments in the review and approval of various aspects of a needed airport or airport related projects. Currently, DOT either under state or county law, or both, meets all applicable requirements relating to building codes, special management area provisions, public hearings, and informational meetings for its projects (Project Requirements). Although this measure eliminates the approval and permitting process of the county for these airport related projects, it is the intent of your Committee on Conference that DOT meets the Project Requirements under state law or if there is no applicable Project Requirements thereunder, then to recognize and voluntarily comply with the applicable county law relating to the Project Requirements.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 728, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 728, S.D. 1, C.D. 1.

Representatives Souki, Kanoho, Nakasone, Schatz, Meyer and Moses.
Managers on the part of the House.
(Representative Schatz was excused.)

Senators Kawamoto, Chun, Kanno, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Chun and Taniguchi were excused.)

Conf. Com. Rep. 70 on H.B. No. 1685

The purpose of this bill is to provide an operating lease investment income tax credit for lessees of "stage 3" aircraft under an operating lease.

"Stage 3" generally refers to aircraft that operate under reduced noise levels as defined by federal regulations.

Your Committee on Conference has amended this measure by deleting its contents and inserting provisions:

- (1) Exempting from the general excise tax amounts received as rent for the rental or leasing of aircraft or aircraft engines used for interisland air transportation; and
- (2) Clarifying the existing use tax exemption for the rental or leasing of aircraft or aircraft engines used for interisland air transportation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1685, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1685, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Espero and Moses.
Managers on the part of the House.

Senators Kawamoto, Fukunaga, Menor, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Menor and Taniguchi were excused.)

Conf. Com. Rep. 71 on H.B. No. 624

The purpose of this bill is to make technical amendments to the Hawaiian Homes Commission Act, 1920, (Act) as amended, by:

- (1) Clarifying the rulemaking authority of the Department of Hawaiian Home Lands (DHHL); and
- (2) Clarifying DHHL's reporting requirements.

As received by your Committee on Conference, this bill contained an effective date of July 10, 2010. Upon further consideration, your Committee on Conference has amended this bill by allowing the bill to take effect upon its approval.

Other technical, nonsubstantive amendments have been made for clarity and consistency

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 624, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 624, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Chun, Kanno and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 72 on H.B. No. 986

The purpose of this bill is to create a criminal offense of the sale or manufacture of deceptive identification documents.

Your Committee on Conference finds that the definition of "deceptive identification document" may pose a problem for tourists holding valid foreign driver's licenses or passports.

Your Committee on Conference has amended this bill by:

- (1) Changing the definition of deceptive identification document so that it applies to any identification document not issued by a governmental agency that purports to be issued by a governmental agency; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 986, 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. 986, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Kanno, Matsuura and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 73 on H.B. No. 1004

The purpose of this bill is to transfer from the supreme court original jurisdiction over contested issues relating to the state budget, the procurement code, the Hawaii Tourism Authority, the Hawaii Community Development Authority, and the Kalaeloa Community Development Authority, to the respective circuit court.

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

- (1) Establishing jurisdiction over contested issues related to the procurement code with the circuit court of the circuit where the case or controversy arises;
- (2) Establishing jurisdiction over contested issues related to the Hawaii Tourism Authority with the circuit court of the circuit where the case or controversy arises;
- (3) Establishing jurisdiction over contested issues related to the Kalaeloa Community Development Authority with the circuit court of the first circuit; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1004, 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. 1004, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Thielen.
Managers on the part of the House.
(Representative Thielen was excused.)

Senators Kanno, Matsuura and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 74 on H.B. No. 1115

The purpose of this bill is to provide that in civil proceedings, a paid bill for goods or services is admissible to prove, without the testimony of the provider, that the bill is authentic, and that the charges of the provider are fair and reasonable.

Upon further consideration, your Committee on Conference amended this bill by adopting the suggestion of the Judiciary's Evidence Committee to effectuate the bill's purpose by adding a new subsection to Rule 303 of Chapter 626-1, Hawaii Revised Statutes. As amended, the bill provides that a paid bill for goods or services is presumed to be authentic and to embody fair and reasonable charges for the itemized goods or services.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1115, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1115, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Kanno, Matsuura and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 75 on H.B. No. 1668

The purpose of this bill is to allow the Department of Education from July 1, 2001, to July 1, 2005, to rehire retired teachers in shortage areas and allow these teachers to continue to receive retirement benefits. More specifically, this bill requires that:

- (1) Retiree rehires shall continue to receive entitled normal retirement benefits without penalty;
- (2) Retiree rehires shall be retired for at least two calendar years before they may be rehired;
- (3) A retired teacher may qualify for mentoring immediately upon retirement; and
- (4) Retiree rehires may not earn retirement credit, contribute to the retirement system, or gain additional benefits while receiving retirement benefits.

Your Committee on Conference has amended this bill by:

- (1) Specifying that teachers shall be retired for two years rather than two calendar years before they may be rehired and continue to receive retirement benefits; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1668, 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. 1668, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Yoshinaga, Saiki, Nakasone, Bukoski and Halford.
Managers on the part of the House.
(Representatives Nakasone and Bukoski were excused.)

Senators Sakamoto, Nakata, Chun Oakland, Taniguchi and Slom.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 76 on H.B. No. 161

The purpose of the bill is to create a temporary working group to make recommendations on policy issues concerning access and use of criminal history record information for employment and licensing purposes.

Your Committee on Conference has amended the bill by including the Legislative Reference Bureau in the working group.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 161, 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. 161, H.D. 2, S.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Nakata, Kanno, Kawamoto, Chumbley, Chun Oakland, Taniguchi and Slom.
Managers on the part of the Senate.

(Senators Chumbley and Taniguchi were excused.)

Conf. Com. Rep. 77 on H.B. No. 1211

The purpose of the bill is to:

- (1) Exclude defibrillators used in emergency medical situations from the definition of "electric gun";
- (2) Exempt law enforcement officers and their suppliers from the ban on electric guns;
- (3) Add United States citizens to registration requirements for temporarily bringing firearms into the State; and
- (4) Create special permits to bring firearms into the State for specific use.

Your Committee on Conference has amended this bill by:

- (1) Deleting provisions for temporary permits for special purposes;
- (2) Deleting reference to registration requirements for United States citizens for temporarily bringing firearms into the State;
- (3) Deleting the changes to be made to the provisions of section 134-11, Hawaii Revised Statutes;
- (4) Inserting recordkeeping and reporting requirements for electric guns used by the police;
- (5) Inserting provisions requiring a health care provider or a public health authority to disclose health care information to police to evaluate fitness to acquire firearms;
- (6) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1211, 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. 1211, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Marumoto.
Managers on the part of the House.

Senators Kanno, Buen, Matsuura and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 78 on H.B. No. 1255

The purpose of the bill is to provide for expungement of specific arrest records of minors.

Your Committee on Conference amended this bill by:

- (1) Narrowing the circumstances under which the court must consult with police prior to issuing an expungement order, to arrest records where:
 - (A) The minor was not counseled and released by the police; or
 - (B) The matter was not referred to the prosecuting attorney or family court;
- (2) Requiring the court, upon written application, to expunge arrest records of an adult, incurred during the adult's minority, provided the records meet the criteria for expungement;
- (3) Changing the effective date to August 1, 2001; and
- (4) Making technical and non-substantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1255, 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. 1255, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Kanno, Fukunaga, Matsuura and Slom.
Managers on the part of the Senate.
(Senators Fukunaga and Slom were excused.)

Conf. Com. Rep. 79 on H.B. No. 583

The purpose of this bill is to:

- (1) Correct sections of the Code of Financial Institutions (Code), Chapter 412, Hawaii Revised Statutes, which were inadvertently not changed upon the adoption of prior amendments to the Code; and
- (2) Make clarifying and streamlining amendments to other sections of the Code.

Among other things, this measure:

- (1) Provides clearer authority to the Commissioner of Financial Institutions (Commissioner) to expedite emergency applications and subpoena witnesses;
- (2) Authorizes the Commissioner to charge a fee at the prevailing hourly examiner's rate for requests to search, review, or segregate Division of Financial Institutions (Division) records;
- (3) Clarifies the grounds upon which the Commissioner may remove institution-affiliated persons and revoke or suspend a charter or license;
- (4) Amends certain foreign bank application procedures to increase uniformity of procedures applicable to institutions regulated by the Division; and
- (5) Removes provisions inadvertently restricting the ability of financial institutions to invest in obligations of the State of Hawaii.

Your Committee on Conference has amended this bill by removing the section authorizing the Commissioner to charge the prevailing hourly examiner's rate for requests to search, review, or segregate Division records. As amended, your Committee on Conference finds that this measure will enhance the ability of the Commissioner to regulate financial institutions without unduly restricting public access to government records.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 583, 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. 583, H.D. 1, S.D. 2, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Menor, English, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 80 on H.B. No. 600

The purpose of this measure is to facilitate the formation and operation of businesses in this State.

This measure clarifies ambiguities, corrects inaccuracies in Hawaii's business registration laws, and simplifies the fee structure applicable to business entities. By updating the law to reflect contemporary business practices, Hawaii will enhance its ability to attract new business and retain existing businesses.

After conferring with the Business Registration Division, of the Department of Commerce and Consumer Affairs, your Committee on Conference has amended this bill by changing the fee for furnishing certified copies to a flat rate of \$25 for all registered entities, and deleting the per page charge.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 600, 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. 600, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Menor, Kanno, Chumbley and Hogue.
Managers on the part of the Senate.
(Senator Chumbley was excused.)

Conf. Com. Rep. 81 on H.B. No. 644

The purpose of this bill is to:

- (1) Authorize electronic transmission and recordkeeping of prescription information;
- (2) Exempt donors of pharmaceuticals from civil liability; and
- (3) Repeal guidelines regarding the return of prescription drugs.

Your Committee on Conference has amended this bill by removing Part I, which authorizes the electronic transmission and recordkeeping of prescription information, because its contents are similar to its companion measure, S.B. No. 1119, which has passed out of Conference Committee.

Your Committee on Conference has further amended this bill by:

- (1) Inserting the definitions of "needy person", "pharmaceuticals and health care supplies", "pharmaceutical company", and "pharmacy" to further clarify the contents of this bill; and
- (2) Changing the effective date from July 1, 2050, to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 644, 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. 644, H.D. 1, S.D. 2, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Matsuura, Menor and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 82 on H.B. No. 653

The purpose of this bill is to eliminate the requirement that substance abuse treatment service providers under chapter 431M, Hawaii Revised Statutes, be certified as substance abuse treatment counselors by the Department of Health (DOH).

Your Committee finds that this measure addresses the following concerns:

- (1) Unlike other medical services providers whose eligibility for reimbursement is determined by insurers, substance abuse providers are singled out for certification by DOH;
- (2) DOH certification fails to recognize existing professional credentialing standards; and
- (3) The DOH certification requirement may restrict substance abuse treatment access of individuals who live in rural areas.

Your Committee on Conference has made technical nonsubstantive amendments to this bill for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 653, 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. 653, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Chang and Whalen.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Matsuura, Menor and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 83 on H.B. No. 1243

The purpose of this measure is to establish requirements for the formation and operation of a leased capital facility captive insurance company.

State law authorizes the establishment of a class 4 captive insurance company known as a leased capital facility. A leased capital facility is also referred to in the industry as a "protected cell" company because it allows a captive to set up cells within the company for the funding and insurance of risks of a particular insured or related group of insureds. This "protected cell" feature ensures that the assets in each cell are dedicated to pay only the insurance claims of that cell's participants, and not those of another cell's participants.

This measure establishes the framework for the establishment and operation of a leased capital facility by setting out requirements and restrictions relating to the formation of a leased capital facility, the insuring of risks other than those of the participants, the use and transfer of assets, financial accounting, financial reserves, report filings, and disclosures.

Your Committee on Conference finds that leased capital facilities have become a favored risk management mechanism for smaller insureds that want to take advantage of the benefits of a captive, but do not want to invest the time or resources required to operate their own captives. Your Committee on Conference further finds that enactment of this measure will enable Hawaii to remain competitive with other captive domiciles, such as Bermuda and Vermont, that already authorize the operation of leased capital facilities.

Your Committee on Conference has amended this bill by adhering to the amendments suggested by the Insurance Division of the Department of Commerce and Consumer Affairs that clarify within the bill that the organizers of class 4 captives are not required to use protected cells to segregate assets and liabilities, but rather are allowed the option of doing so.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1243, 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. 1243, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Menor, Tam and Hogue.
Managers on the part of the Senate.
(Representative Kim was excused.)

Conf. Com. Rep. 84 on H.B. No. 204

The purpose of this bill is to establish additional rules for voting proxies in connection with the election of board members for planned community associations.

Your Committee on Conference finds that homeowners associations do not provide for the direct election of their boards of directors. Presently, members send in proxies that are exercised by the board to elect directors. This process reduces the possibility that candidates who are not favorably viewed by the existing board will be elected. Thus, the board of directors may be self-perpetuating, and this may not be in the best interest of the members of the association.

Your Committee on Conference further finds that the procedures and restrictions on the distribution of proxies established by this bill will provide association members with a fairer method of electing board members.

Your Committee on Conference has amended this bill by deleting the provision limiting the application of this bill to associations conducting annual meetings in 2050 and thereafter.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 204, 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. 204, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Chang and Whalen.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Menor, Chumbley, Kim and Hogue.
Managers on the part of the Senate.
(Senator Chumbley was excused.)

Conf. Com. Rep. 85 on H.B. No. 271

The purpose of this bill is to allow indirect commissions for selling collision damage waivers (CDWs).

Your Committee on Conference finds that in 1990, the Legislature barred the payment of commissions on the sale of rental vehicle CDWs because of lessee confusion about the nature of CDWs and the potential for abuse relating to their sale. At the time, there were over 35 rental companies operating in Hawaii.

Your Committee on Conference further finds that at present, there are fewer than 15 rental companies in Hawaii and as such, there exists much less of a basis to regulate the rental car industry through the prohibition of commissions on the sale of CDWs. In addition, your Committee on Conference finds that there are many segments of the tourism industry that pay commissions and evaluate or reward their employees based on their performance in selling the various packages and programs offered by the employer.

Based on the foregoing, your Committee on Conference believes that the motor vehicle rental industry should no longer be singled out by a law barring the payment of commissions calculated in part from the sale of CDWs.

The Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs (DCCA) raised concerns that compensation to an employee for CDW's would be excessively high. In response to this, your Committee on Conference has amended this bill by adding language which serves to continue the prohibition against direct commissions on CDW sales, but allows consideration of CDW sales on an indirect basis, as one of many factors for purpose of evaluation and compensation.

Additionally, in response to concerns voiced by DCCA, your Committee on Conference has amended this bill by adding a sunset provision that repeals the amendments made by this bill on June 30, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 271, 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. 271, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Chang and Whalen.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Kawamoto, Menor, Buen, Kim and Slom.
Managers on the part of the Senate.
(Senators Kim and Slom were excused.)

Conf. Com. Rep. 86 on H.B. No. 594

The purpose of this bill is to:

- (1) Authorize the Insurance Commissioner and Department of Commerce and Consumer Affairs (DCCA) to collect fees to offset the cost of issuing continuing education course and course provider certificates, and providing other related services; and
- (2) Require continuing education course providers to submit course completion information to DCCA by electronic means within 45 days after the course is completed or the course competency exam is scored.

Your Committee on Conference finds that this measure will support Insurance Division administration of newly enacted insurance licensee continuing education requirements, and will also promote the efficient and timely processing of insurance license renewals.

Your Committee on Conference has made technical, nonsubstantive amendments to this measure for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 594, 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. 594, H.D. 2, S.D. 2, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.

Senators Menor, Kim, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 87 on H.B. No. 469

The purpose of this bill is to provide the Department of Education (DOE) with more flexibility in hiring by:

- (1) Removing the requirement that DOE principals and vice-principals must have served as a teacher for not less than five years;
- (2) Requiring principals to have not less than five years of appropriate school-level experience of which at least three years have been as a teacher;
- (3) Requiring vice-principals to have appropriate school-level experience as determined by DOE;
- (4) Allowing DOE to waive certification and experience requirements for vice-principal candidates on a case-by-case basis; and
- (5) Requiring DOE to establish criteria and reasons for waivers.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 469, 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. 469, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Yoshinaga, Saiki, Schatz, Bukoski and Halford.
Managers on the part of the House.
(Representatives Schatz and Bukoski were excused.)

Senators Sakamoto, Nakata, Taniguchi, Chun Oakland and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 88 on H.B. No. 498

The purpose of the bill is to allow probation officers to inform victims about adult and juvenile probationers' locations and violations of conditions of probation.

Your Committee on Conference amended this bill by:

- (1) Limiting the authority to release information to adult probationers only;
- (2) Limiting the offenses subject to the provisions of the bill to domestic violence related offenses;
- (3) Limiting the disclosure to information related to the safety and welfare of the victim; and
- (4) Providing immunity for disclosure and non-disclosure of information.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 498, 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. 498, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Kanno, Kokubun, Matsuura and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 89 on H.B. No. 526

The purpose of the bill is to:

- (1) Amend various child support enforcement provisions for clarification to comply with Section 466 of the Social Security Act;
- (2) Streamline the child support enforcement process; and
- (3) Allow use of video or audio descriptions to explain the issues involved in acknowledging paternity.

Your Committee on Conference finds that specific provisions requiring social security numbers on application forms under Sections 183D-22 and 188-3.5, Hawaii Revised Statutes (HRS), are unnecessary in light of the fact that a general provision for all license applications will require social security numbers under Section 576D-13, HRS.

Your Committee on Conference has amended this bill by:

- (1) Deleting provisions referring to Sections 183D-22 and Section 188-50, HRS;
- (2) Making the effective date upon its approval;
- (3) Limiting the interception for child support of lump sum payments from local or state government agencies, judgments, settlements, and lotteries to the extent authorized by the federal Social Security Act; and
- (4) Making a technical, nonsubstantive amendment to reflect accepted drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 526, 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. 526, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Auwae.
Managers on the part of the House.

Senators Kanno, Fukunaga, Matsuura and Slom.
Managers on the part of the Senate.
(Senator Fukunaga was excused.)

Conf. Com. Rep. 90 on H.B. No. 645

The purpose of the bill is to create first and second degree criminal offenses where a person acts in a manner likely to be injurious to the physical welfare of an incompetent person or where a person causes psychological abuse to an incompetent person.

Your Committee on Conference has amended the bill by:

- (1) Requiring that a person recklessly cause bodily injury to an incompetent person for the misdemeanor offense of endangering the welfare of an incompetent person in the second degree;
- (2) Requiring that a person intentionally cause bodily injury to an incompetent person for the class C felony offense of endangering the welfare of an incompetent person in the first degree; and

- (3) Deleting references to psychological abuse; and
- (4) Conforming section 577-9, Hawaii Revised Statutes, with the change in section number of the misdemeanor offense.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 645, 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. 645, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, B. Oshiro and Thielen.
Managers on the part of the House.
(Representative Thielen was excused.)

Senators Kanno, Matsuura and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 91 on H.B. No. 201

The purpose of this bill is to:

- (1) Transfer provisions relating to the disclosure of an individual's mental health information to the chief of police for firearms permits and registration, from Act 87, Session Laws of Hawaii 1999, the Privacy of Health Care Information Act, to chapter 134, Hawaii Revised Statutes; and
- (2) Repeal the Privacy of Health Care Information Act and related acts.

On April 12, 2001, President Bush allowed federal Department of Health and Human Services privacy regulations under the Health Insurance Portability and Accountability Act of 1996, to become law. In light of this unequivocal federal action and preemption concerns, your Committee on Conference finds that Act 87 should be repealed.

Your Committee on Conference has amended this measure by removing its firearms provisions and placing them in a bill with a more appropriate title.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 201, 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. 201, H.D. 1, S.D. 2, C.D. 1.

Representatives Hiraki, Hamakawa and Whalen.
Managers on the part of the House.

Senators Matsuura, Kanno, Menor and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 92 on H.B. No. 599

The purpose of this bill is to:

- (1) Repeal Hawaii's existing nonprofit corporations law and replace it with a new law based on the most recent version of the Model Nonprofit Corporations Act; and
- (2) Allow mutual benefit societies to organize as nonprofit corporations under the existing nonprofit corporations law.

Your Committee on Conference finds that by modernizing Hawaii's business registration laws through the adoption of laws that are uniform with those of the majority of states, this measure will facilitate the free flow of commerce between Hawaii and the mainland and support the development of Hawaii's economy.

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2002; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 599, 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. 599, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, B. Oshiro, Suzuki, Souki, Rath and Whalen.
Managers on the part of the House.

Senators Menor, Kanno, Matsunaga and Hogue.
Managers on the part of the Senate.
(Senator Matsunaga was excused.)

Conf. Com. Rep. 93 on H.B. No. 1234

The purpose of this bill is to ensure greater financial equity to health plans and providers that serve high-risk individuals covered by the QUEST program by:

- (1) Directing the QUEST Medicaid Agency to calculate and withhold from health plan capitalization payments all moneys budgeted for perinatal services including obstetric and other delivery costs;
- (2) Directing QUEST to request state health plans to provide claims paid data on substance abuse and related behavioral health encounter information for the purpose of assessing the feasibility of a substance abuse carve out beginning July 1, 2002; and
- (3) Directing the Department of Human Services (DHS) to expand the definition of "enabling services" to include services such as early periodic screening development testing, native Hawaiian and traditional healing services, and certain services provided by federally qualified health centers.

Your Committee on Conference has amended this bill by:

- (1) Removing the requirement that the QUEST Medicaid Agency calculate and withhold from health plan capitation payments;
- (2) Inserting provisions for risk adjusting for deliveries and requiring a report to the Legislature prior to the convening of the Regular Session of 2002 regarding the risk adjustment methodology used in the QUEST bid process;
- (3) Allowing DHS more flexibility in defining "enabling services;"
- (4) Allowing DHS flexibility in determining the number of children eligible for health insurance under the State's Med-QUEST program;
- (5) Removing the appropriation;
- (6) Changing the effective date to upon approval; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1234, 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. 1234, H.D. 1, S.D. 2, C.D. 1.

Representatives Kahikina, Nakasone and Rath.
Managers on the part of the House.
(Representative Rath was excused.)

Senators Matsuura, Hanabusa and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 94 on H.B. No. 284

The purpose of this bill is to make appropriations:

- (1) To hire 37 full-time registered nurses to work in public schools;
- (2) For a grant to the Organ Donor Center of Hawaii; and
- (3) To raise the income eligibility of the medically needy program to 133 percent of the assistance allowance.

Your Committee on Conference has amended this bill by:

- (1) Removing the appropriation to raise the income eligibility of the medically needy program to 133 percent of the assistance allowance;
- (2) Appropriating \$1,290,356 for fiscal year 2001-2002 and \$1,250,000 for fiscal year for fiscal year 2002-2002 to hire full-time registered nurses to work in public schools; and
- (4) Making other technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 284, 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. 284, H.D. 1, S.D. 2, C.D. 1.

Representatives Arakaki, Saiki and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Matsuura, Hanabusa, Buen and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 95 on H.B. No. 786

The purpose of this bill is to make an appropriation for the donated dental services program for the elderly, persons who have a disability or mental illness, or persons who are homeless, through the Foundation of Dentistry for the Handicapped.

Your Committee on Conference concurs with its intent and has amended this measure by:

- (1) Making an appropriation of \$41,660 for a statewide donated dental services program for eligible adults under the National Foundation of Dentistry for the Handicapped; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 786, 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. 786, H.D. 1, S.D. 1, C.D. 1.

Representatives Arakaki, Saiki and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Matsuura, Hanabusa, Chun and Hogue.
Managers on the part of the Senate.
(Senator Chun was excused.)

Conf. Com. Rep. 96 on H.B. No. 429

The purpose of this bill is to make an appropriation to bring in federal funds to establish four rehabilitation teacher positions to teach blindness skills to enable individuals age 55 or older with severe visual impairment or blindness to live as independently as possible.

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$25,000 to bring in federal funds and establish rehabilitation teacher positions; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 429, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 429, S.D. 1, C.D. 1.

Representatives Kahikina, Nakasone and Rath.
Managers on the part of the House.

Senators Matsuura, Hanabusa and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 97 on H.B. No. 1233

The purpose of this bill is to:

- (1) Clarify the responsibilities of the Office of Youth Services (OYS);
- (2) Require OYS to submit a report to the Legislature prior to the convening of the 2002 Regular Session; and
- (3) Appropriate funds to OYS for youth services centers and the Hookala Diversion Lock-up Program (Hookala).

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$1,000,000 per year for fiscal years 2001-2002 and 2002-2003 for youth services centers;
- (2) Removing reference to the Hookala Diversion Lock-up Program; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1233, 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. 1233, H.D. 1, S.D. 2, C.D. 1.

Representatives Kahikina, Nakasone and Rath.
Managers on the part of the House.

Senators Matsuura, Hanabusa and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 98 on H.B. No. 962

The purpose of this bill is to appropriate funds to develop, implement, and maintain a sentencing simulation model for Hawaii's criminal justice system.

Your Committee on Conference has amended this bill by changing the appropriation amount to \$47,177.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 962, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 962, S.D. 1, C.D. 1.

Representatives Garcia, B. Oshiro, Nakasone, Hamakawa, Auwae and Moses.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 99 on H.B. No. 1667

The purpose of this bill is to ensure that there is a qualified teacher in every public school classroom by providing financial support to students who complete a state-approved teacher education program and who agree to teach in the Hawaii public school system.

Specifically, this measure:

- (1) Creates the Hawaii educator loan program and special fund, to be administered by the University of Hawaii, for the purpose of making low-interest competitive loans to students based on need for financial aid and proof of acceptance into a state-approved teacher education program at the University of Hawaii;
- (2) Limits the maximum amount of loans that a student may receive to an aggregate amount equivalent to tuition payments and costs of textbooks and other instructional materials necessary to complete a state-approved teacher education program, and sets the loan rate at 5 percent simple interest;
- (3) Requires the repayment of principal and interest charges on a loan to be made in periodic installments within a 10-year period, commencing 1 year after graduation or 3 months after a borrower ceases to be enrolled in the state-approved teacher education program;
- (4) Requires one-tenth of the total amount of the loan and interest to be waived for every year that a loan recipient teaches in a Hawaii public school in a hard-to-fill position as determined by the Superintendent of Education, including special education, regular education shortage categories, or Title 1 schools; and
- (5) Requires a loan recipient to repay any remaining loan balance at the rate of 10 percent simple interest if the recipient fails to teach in the Hawaii public school system for a minimum of ten consecutive years from the recipient's original date of employment, excluding temporary leaves of absence.

Your Committee on Conference acknowledges the concerns that private universities and colleges voiced regarding their eligibility to receive funding as this program is currently structured, and it is hoped that efforts will be made to investigate the feasibility of expanding the program to be more inclusive.

Your Committee on Conference has amended this measure by appropriating \$100,000 for fiscal year 2001-2002 to the credit of the Hawaii educator loan program special fund for the University of Hawaii to provide loans to students who agree to teach in the Hawaii public school system.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1667, 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. 1667, H.D. 2, S.D. 1, C.D. 1.

Representatives Takumi, Ito, Saiki, Takai, Djou and Halford.
Managers on the part of the House.

Senators Sakamoto, Ige, Matsunaga, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Ige and Matsunaga were excused.)

Conf. Com. Rep. 100 on H.B. No. 1686

The purpose of this bill is to authorize the issuance of special facilities revenue bonds for improvements to harbor facilities for use by Rainbow Island Express Company, Inc., to operate inter-island and intra-island ferry services.

Your Committee on Conference finds that inter-island maritime transportation for passenger service between Oahu, Maui, Lanai, Molokai, and Hawaii is inadequate.

Your Committee on Conference has amended this measure by:

- (1) Adding a section specifically appropriating out of the special facilities revenue bond proceeds a sum certain to carry out the purposes of this measure;
- (2) Adding a section providing for the lapsing of the unexpended or unencumbered balance of the appropriation on June 30, 2004; and
- (3) Accordingly, renumbering the sections of the measure necessitated by the additions of the new sections.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1686, 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. 1686, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Espero and Moses.
Managers on the part of the House.

Senators Kawamoto, Buen, Kanno, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Kanno and Taniguchi were excused.)

Conf. Com. Rep. 101 on H.B. No. 862

The purpose of this bill is to establish three social worker positions in the Department of Public Safety's Intake Service Center on Hawaii, Maui, and Kauai.

Your Committee on Conference finds that the social workers are needed to comply with state laws, as well as a Consent Decree involving the Department of Public Safety.

Your Committee on Conference has amended this measure by appropriating \$68,616 for fiscal year 2001-2002 and \$68,616 for fiscal year 2002-2003 to establish two social worker positions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 862, 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. 862, H.D. 1, S.D. 2, C.D. 1.

Representatives Garcia, Nakasone and Djou.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 102 on H.B. No. 840

The purpose of this bill is to establish the Data and Research Office for Children and Families within the Center on the Family (Center) at the University of Hawaii at Manoa.

Your Committee on Conference has amended this bill by:

- (1) Eliminating all references to the Data and Research Office for Children and Families;
- (2) Requiring the Hawaii Performance Partnerships Board (HPPB), with the assistance of the Center, to establish key indicators and data sets relevant to the health, education, and socioeconomic well-being of Hawaii's children and families;
- (3) Requiring agencies of the State and its political subdivisions to assist and cooperate with HPPB in the performance of its duties relating to results and performance accountability, decision-making, and budgeting;
- (4) Appropriating \$100,000 for fiscal year 2001-2002 to HPPB to establish key indicator and data sets; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 840, 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. 840, H.D. 2, S.D. 1, C.D. 1.

Representatives Kahikina, Takumi, Nakasone, Saiki, Djou and Rath.
Managers on the part of the House.
(Representatives Saiki and Rath were excused.)

Senators Sakamoto, Matsuura, Taniguchi, Chun Oakland and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 103 on H.B. No. 11

The purpose of this bill is to create an Educational Research and Development Revolving Fund (Revolving Fund) within the Department of Education (DOE).

Your Committee on Conference finds that the Revolving Fund will allow DOE to collect revenues generated by commercial ventures. The Revolving Fund will then be used to research and develop various innovative programs, products, and services. This bill will encourage entrepreneurship and increased fiscal autonomy for DOE, while helping to develop better educational tools and services.

Your Committee on Conference has amended this bill by authorizing the expenditure of \$1,000,000 from the Revolving Fund for each year of fiscal biennium 2001-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 11, 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. 11, H.D. 2, S.D. 2, C.D. 1.

Representatives Ito, Kawakami and Bukoski.
Managers on the part of the House.

Senators Sakamoto, Ige, Matsunaga, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Ige and Matsunaga were excused.)

Conf. Com. Rep. 104 on H.B. No. 480

The purpose of this bill is to enable schools to expedite their administrative responsibilities relating to business-related matters by appropriating funds to hire three business specialists to be assigned to the Hawaii, Kauai, and Maui school districts. This bill also:

- (1) Specifies the duties of the business specialists; and
- (2) Includes these positions in bargaining unit 6 which may not require school or teaching experience.

Your Committee on Conference has amended this bill by:

- (1) Replacing the appropriations with the sums of \$150,000; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 480, 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. 480, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Kawakami and Bukoski.
Managers on the part of the House.
(Representative Bukoski was excused.)

Senators Sakamoto, Chun Oakland, Kawamoto, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Chun Oakland was excused.)

Conf. Com. Rep. 105 on H.B. No. 1391

The purpose of this bill is to:

- (1) Require the State Foundation of Culture and the Arts (Foundation) to convene the Hawaii Arts Education Partners (Partners) to implement the Hawaii Arts Education Strategic Plan (Plan);
- (2) Require the Foundation's annual report to include the efforts of the Partners to implement the Plan;
- (3) Appropriate funds for eight state arts resource teacher positions within the Department of Education; and
- (4) Appropriate funds for staff development specifically related to the implementation of the Plan.

Your Committee on Conference finds that arts education is integral to a comprehensive school curriculum. Students who are instructed in the arts not only experience the satisfaction of participating in music, dance, drama, and visual arts, but also perform better in "academic" subjects. The arts also broaden students' understanding of other cultures and their connection to many different peoples and places.

Furthermore, arts education is required as part of the State Content and Performance Standards for all of these reasons. Your Committee on Conference fully supports this bill, which makes significant strides to develop and support arts education in Hawaii.

Your Committee on Conference has amended this bill by:

- (1) Increasing the number of state resource teachers from 8 to at least 12;
- (2) Clarifying the appropriation for state resource teachers to \$400,000 for each year of fiscal biennium 2001-2003;
- (3) Deleting the appropriation for staff development relating to the implementation of the Plan; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1391, 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. 1391, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Kawakami and Bukoski.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Chumbley, Chun Oakland and Hogue.
Managers on the part of the Senate.
(Senator Chumbley was excused.)

Conf. Com. Rep. 106 on H.B. No. 210

The purpose of this bill is to:

- (1) Appropriate funds for agricultural research and development to be performed by the Hawaii Agriculture Research Center (HARC); and
- (2) Promote cost sharing of agricultural research between the public and private sectors by requiring matching funds for certain agricultural industries.

Your Committee on Conference finds that HARC remains a critical component in agricultural research and plays a vital role in maintaining and improving Hawaii's agriculture industry. HARC has consistently proven its ability in creating research programs to develop new products for agriculture and has implemented improved agricultural practices using private and public resources.

Your Committee on Conference has amended this bill by:

- (1) Appropriating the sum of \$500,000 for fiscal year 2001-2002; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 210, 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. 210, H.D. 1, S.D. 2, C.D. 1.

Representatives Abinsay, Cabreros and Davis.
Managers on the part of the House.

Senators Buen, Kokubun, Matsuura, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Matsuura and Hogue were excused.)

Conf. Com. Rep. 107 on H.B. No. 175

The purpose of this measure is to improve the application of the tax laws to high technology activities by amending current tax laws and providing new incentives.

Your Committee on Conference finds that this is the third in Hawaii's efforts to provide tax relief to high technology activities to encourage the growth of this industry. Your Committee on Conference has amended this bill by deleting:

- (1) The general excise tax exemptions for Internet service providers and for qualified high technology office buildings;
- (2) The public service company tax exemption for the provision of Internet access;

- (3) The tax credits for research activities and worthless debts of qualified high technology businesses (QHTB) for financial institutions;
- (4) The allowance of the capital goods excise tax credit and tax credit for research activities for insurance companies;
- (5) The amendments to the capital goods excise tax credit; and
- (6) The amendment to allow a research tax credit for QHTBs involved in performing arts products, biotechnology, computer software design, sensor and optic technologies, ocean sciences, astronomy, or non-fossil fuel energy-related technology.

Your Committee on Conference has further amended the bill by:

- (1) Adding a general excise and public service company tax exemption for certain activities of public Internet data centers;
- (2) Adding an exemption from the general excise tax for the income derived from the sale of net operating losses;
- (3) Clarifying the income tax treatment of losses related to stock options or warrants and expenses relating to tax exempt income with regard to expenses for royalties and other related income;
- (4) Clarifying the income tax treatment of allocations of net operating loss sales;
- (5) Lowering the maximum allowed credit for high technology investments by approximately 3/5 for each year of investment;
- (6) Expanding the application of the high technology business investment tax credit and by changing the recapture amount from the amount of the tax credit taken in the previous two years to ten per cent of the credit claimed for the preceding two years if a qualified high technology business goes out of business or the investor either sells or withdraws from the qualified high technology business;
- (7) Shortening the time period for application of the research tax credit from ten years to five years;
- (8) Clarifying the law regarding the sale of net operating losses (NOL) by:
 - (a) Defining the surrendered tax benefit as the tax liability saved if the NOL carryforward could have been used by the QHTB and providing that it be computed at the corporate income tax rate; and
 - (b) Defining a QHTB for the sale of NOLs as it is defined for the royalty income tax exclusion;
- and
- (9) Making technical, nonsubstantive amendments to the purposes of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 175, 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. 175, H.D. 2, S.D. 2, C.D. 1.

Representatives Ahu Isa, Suzuki, Magaoay, Takumi, Leong and Marumoto.
Managers on the part of the House.
(Representative Takumi was excused.)

Senators Tam, Taniguchi, Ige, Kim and Slom.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 108 on H.B. No. 160

The purpose of this bill is to establish a fraudulent claims law to allow qui tam or fraudulent claim actions to be brought on behalf of the counties in the same manner as the Hawaii False Claims Act for actions brought on behalf of the State.

Upon further consideration, your Committee on Conference has amended this bill to:

- (1) Delete the unspecified cap on the amount that the court may assess against a violator; and
- (2) Add "county attorney", which is the name of the entity for the County of Kauai, to all references to corporation counsel.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 160, 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. 160, H.D. 1, S.D. 1, C.D. 1.

Representatives B. Oshiro, Saiki and Auwae.
Managers on the part of the House.

Senators Kim, Kanno, Taniguchi and Slom.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 109 on H.B. No. 1216

The purpose of this bill is to appropriate funds for the Korean Centennial Celebration Commission's celebration of the centennial anniversary of the arrival of the first Korean immigrants to Hawaii.

The celebration will highlight the contributions and accomplishments made by Koreans, both locally and nationally. Your Committee on Conference notes that the Korean community has pledged to provide private funding for this celebration which will be required as a match to receive the funds appropriated in this bill.

Your Committee on Conference has amended this measure by appropriating \$250,000 for fiscal year, 2001-2002 for the purpose of this Act.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1216, 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. 1216, H.D. 1, S.D. 1, C.D. 1.

Representatives Chang, Saiki and Moses.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Chun Oakland, Kim and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 110 on H.B. No. 632

The purpose of this bill is to allow the Department of Human Services (DHS) to license home and community-based case management agencies. These agencies would certify a person, agency, or organization to operate a community care foster family home.

Your Committee on Conference has amended this bill by:

- (1) Establishing two demonstration projects, one for any county with a population of 500,000 or more, and one for any county with a population of less than 500,000;
- (2) Clarifying and adding definitions;
- (3) Requiring DHS to adopt contract standards and to establish a review board;
- (4) Requiring DHS to submit reports to the Legislature prior to the convening of the Regular Sessions of 2002 and 2003, with the assistance of various agencies and organizations;
- (5) Requiring DHS, in consultation with the Department of Health, to adopt rules for demonstration projects in any county with a population of 500,000 or more;
- (6) Appropriating \$65,000 for fiscal year 2001-2002 and \$65,000 for fiscal year 2002-2003;
- (7) Amending the effective date to take effect on July 1, 2001, with a repeal date of June 30, 2003; and
- (8) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 632, 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. 632, H.D. 3, S.D. 2, C.D. 1.

Representatives Kahikina, Hamakawa, Nakasone, Saiki, Auwae and Thielen.
Managers on the part of the House.
(Representatives Saiki and Thielen were excused.)

Senators Matsuura, Hanabusa and Kawamoto.
Managers on the part of the Senate.

Conf. Com. Rep. 111 on H.B. No. 186

The purpose of this bill is to facilitate the establishment of a comprehensive information system for inventorying and maintaining information about the lands of the public land trust. This bill appropriates funds for the Office of the Auditor to complete the public land trust information system (system). The Office of Hawaiian Affairs (OHA) is to match the appropriations on a dollar-for-dollar basis.

The Auditor has estimated that approximately \$18,500,000 are necessary to complete the system. Such level of state funding is not currently available. However, your Committee on Conference is committed to the completion of this undertaking. Accordingly, the State should proceed on an incremental basis to allow the Auditor to identify ways that meaningful progress can be made with

available funds. The Auditor is also urged to consider cost cutting alternatives which would not jeopardize the integrity of the system and would provide further insights regarding the total cost of the system. These might include:

- (1) Surveying a sample of state parcels;
- (2) Focusing on high income generating parcels; and
- (3) Identifying lower cost bidders.

Other sources of funding to finance this undertaking were also considered.

Your Committee on Conference recognizes the limited funding available. To ensure that these funds contribute meaningfully to the development of the system, it is your Committee on Conference's intent that OHA make a determination whether funds will be sufficient to produce a meaningful work product before any funds are expended.

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

- (1) Inserting \$100,000 to continue the project;
- (2) Providing OHA with the flexibility to match the State's contributions at a level greater than a dollar-for-dollar basis;
- (3) Extending the lapsing date of the appropriations provided in Act 125, Session Laws of Hawaii 2000, which may exceed \$300,000;
- (4) Revising the purpose section; and
- (5) Making technical, nonsubstantive amendments for the purpose of consistency.

Finally, with regard to the appropriation in Section 3, the State's obligation to this undertaking is limited to \$100,000 even if OHA's contribution exceeds that amount.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 186, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 186, S.D. 1, C.D. 1.

Representatives Kanohe, Suzuki, Nakasone, Luke, Gomes and Halford.
Managers on the part of the House.

Senators Hanabusa, Chun, Chun Oakland, Kokubun and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 112 on H.B. No. 860

The purpose of this bill is to provide military service credit for veteran members of the Employees' Retirement System (ERS) who retired.

Upon further consideration, your Committee on Conference used the S.D. 2 version of this measure as a base for the C.D. 1 version, and made several additional amendments, as discussed below.

First, your Conference Committee inserted a one-year window during which eligible veterans must claim the service credit. As amended, eligible veterans must claim the military service credit between July 1, 2001, and June 30, 2002.

In addition, based upon comments submitted by ERS, your Conference Committee amended this bill as follows:

- (1) To specify that the benefits of this bill shall accrue to veterans who retired prior to 1989;
- (2) To conform the language of this bill to the terminology used by the ERS;
- (3) To prevent the beneficiaries of this bill from receiving double credit for their military service; and
- (4) To appropriate \$100,000 out of ERS investment earnings to cover the administrative expenses associated with this program.

Finally, your Conference Committee changed the effective date of this measure to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 860, 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. 860, H.D. 1, S.D. 2, C.D. 1.

Representatives Yoshinaga, Saiki and Davis.
Managers on the part of the House.

Senators Kawamoto, Nakata, Taniguchi, Buen and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 113 on H.B. No. 533

The purpose of this bill is to establish the Antitrust Trust Fund (Trust Fund) to be administered by the Department of the Attorney General (AG) to enforce the antitrust laws. The Trust Fund is to receive:

- (1) A start-up deposit of an unspecified amount from the fiscal year 2000-2001 general fund appropriation for the Department of the AG (ATG 100);
- (2) An unspecified percent of any antitrust judgment or settlement received by the State; and
- (3) Any legislative appropriations.

Unencumbered, unexpended funds in excess of \$250,000 are to lapse to the general fund after June 30 of each year.

Your Committee on Conference finds that the establishment of the Trust Fund will benefit Hawaii's consumers by providing the AG with ready access to monetary resources needed to participate in interstate antitrust investigations, lawsuits, and judgments.

Your Committee on Conference has amended this bill to provide that the following shall be deposited into the Trust Fund:

- (1) Up to \$150,000 from the fiscal year 2000-2001 Department of the AG general fund appropriation (ATG 100); and
- (2) Ten percent of any antitrust judgment or settlement received by the State.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 533, 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. 533, H.D. 2, S.D. 1, C.D. 1.

Representatives Hiraki, B. Oshiro, Suzuki and Souki.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Kanno, Hanabusa, Menor and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 114 on H.B. No. 152

The purpose of the bill is to repeal the sunset date for the expedited sentencing program of Family Court.

Your Committee on Conference has amended this bill by:

- (1) Making an appropriation of \$100,000 for fiscal year 2001-2002 and \$100,000 for fiscal year 2002-2003 to support domestic violence shelters; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 152, 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. 152, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 115 on H.B. No. 462

The purpose of this bill is to standardize Hawaii's arbitration laws with those used in other states by replacing the current statutory chapter on arbitration and awards with the Uniform Arbitration Act.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that from July 1, 2004, (rather than from January 1, 2020), the provisions of the Uniform Arbitration Act will apply to all agreements to arbitrate, including those entered into prior to the effective date of this bill; and
- (2) Changing the effective date to July 1, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 462, 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. 462, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Thielen.
Managers on the part of the House.

Senators Kanno, Hanabusa, Chun and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 116 on H.B. No. 861

The purpose of this bill is to appropriate funds for the Agribusiness Development Corporation to provide for the operation and maintenance of certain agricultural infrastructure on Kauai thereby facilitating the development of diversified agriculture on these lands.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$300,000 for fiscal year 2001-2002 to be deposited into the Hawaii Agricultural Development Revolving Fund (Revolving Fund);
- (2) Appropriating \$2,300,000 for fiscal year 2001-2002 and \$2,300,000 for fiscal year 2002-2003 out of the Revolving Fund; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 861, 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. 861, H.D. 2, S.D. 2, C.D. 1.

Representatives Abinsay, Cabreros and Halford.
Managers on the part of the House.

Senators Chun, Kokubun, Taniguchi and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 117 on H.B. No. 1074

The purpose of this bill is to provide an income tax credit for construction of new drought mitigating water storage facilities, or repair or reconstruction of existing water storage facilities.

Your Committee on Conference finds that this measure will provide an incentive for farmers and ranchers to build agricultural water storage facilities to address extended drought periods and allow a more efficient use and distribution of water.

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

- (1) Authorizing an income tax credit of 4 percent of the costs incurred and paid for the construction of a new drought mitigating water storage facility, or repair or reconstruction of existing water storage facilities; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1074, 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. 1074, H.D. 2, S.D. 2, C.D. 1.

Representatives Abinsay, Cabreros and Davis.
Managers on the part of the House.

Senators Buen, Kokubun, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 118 on H.B. No. 168

The purpose of this bill is to strengthen Hawaii's Election laws by:

- (1) Establishing a task force to comprehensively review, evaluate, and recommend changes to election laws regarding vote tabulation, automatic recount, and contest procedures; and
- (2) Requiring vote recounts in election contests in which the difference between the winner and the next highest vote-getter is less than one percentage point of the total number of votes cast for that office.

After careful consideration, your Committee on Conference has amended this bill by:

- (1) Deleting the provision requiring vote recounts in election contests in which the difference between the winner and the next highest vote-getter is less than one percentage point of the total number of votes cast for that office;
- (2) Deleting a provision specifying that the task force may retain private legal counsel;
- (3) Deleting the provision that the members of the task force reflect statewide representation;
- (4) Changing the appropriation amount to \$100,000; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 168, 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. 168, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Gomes.
Managers on the part of the House.
(Representative Gomes was excused.)

Senators Kanno, Hanabusa, Kawamoto and Slom.
Managers on the part of the Senate.
(Senator Kawamoto was excused.)

Conf. Com. Rep. 119 on H.B. No. 513

The purpose of this bill is to appropriate funds to satisfy claims against the State for refunds of taxes, judgments and settlements, and miscellaneous claims.

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

- (1) Including appropriations for claims that have been resolved since the issuance of Standing Committee Report No. 1545; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 513, 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. 513, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Thielen.
Managers on the part of the House.
(Representative Thielen was excused.)

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 120 on H.B. No. 596

The purpose of this bill is to:

- (1) Allow the Board of the Hawaii Hurricane Relief Fund (HHRF) to suspend and reactivate the HHRF special mortgage recording fee by rule;
- (2) Extend the Director of Finance's authorization to issue reimbursable general obligation bonds to HHRF for fiscal year 2001-2002 to allow HHRF to retain its federal tax-exempt status; and
- (3) Suspend the HHRF special mortgage recording fee as of July 1, 2001, to December 31, 2001.

Your Committee on Conference finds that HHRF, established in response to hurricane Iniki, has stabilized Hawaii's hurricane insurance market. Private insurers are now offering policies of hurricane insurance and HHRF will be terminating its insurance program as of December 1, 2001. The HHRF special mortgage recording fee, which was enacted to allow HHRF to issue policies of hurricane insurance, will thus become unnecessary. This bill provides for its prompt suspension.

This bill also allows HHRF to continue prudent management of its affairs as it winds down its operations, recognizes that a hurricane like Iniki will strike Hawaii again, and reflects the growing consensus that HHRF must retain the ability to protect Hawaii when this occurs.

The measure accordingly ends legislative suspension of the special mortgage recording fee on December 31, 2001, and provides HHRF with the authority and flexibility to suspend and reactivate the special mortgage recording fee as necessary. Your Committee on Conference understands that at the same time that HHRF terminates its insurance program, HHRF will use its new powers to continue the suspension of the special mortgage recording fee.

Your Committee on Conference has amended the bill to expressly allow HHRF to reactivate the special mortgage recording fee. Your Committee on Conference emphasizes that this power is to be exercised only as necessary to respond to another hurricane like Iniki.

To ensure that HHRF is able to make a prompt response when needed, your Committee on Conference has also provided that HHRF's special mortgage recording fee suspension and reactivation powers are not subject to rulemaking and may be exercised pursuant to resolution of the HHRF Board.

Technical, nonsubstantive amendments were also made for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 596, 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. 596, H.D. 2, S.D. 1, C.D. 1.

Representatives Hiraki, Takamine and Whalen.
Managers on the part of the House.

Senators Menor, Taniguchi, Kim and Hogue.
Managers on the part of the Senate.
(Senator Kim was excused.)

Conf. Com. Rep. 121 on S.B. No. 1577

The purpose of this measure is to create the State Educational Facilities Repair and Maintenance Special Fund and the School Physical Plant Operations and Maintenance Special Fund for school repair and maintenance projects.

Your Committee has amended the measure by:

- (1) Changing all references from "special fund" to "account";
- (2) Establishing accounts for school repair and maintenance appropriations under AGS 807 Physical Plant Operations;
- (3) Authorizing the exemption of these projects from chapter 464-4, Hawaii Revised Statutes, which requires that the plans and construction of all public works in excess of \$15,000 be reviewed and supervised by a licensed professional engineer, architect, or landscape architect;
- (4) Eliminating a proposed new section to chapter 302A (identified as Section 302A-C in S.B. No. 1577, S.D. 2, H.D. 2) which would have dealt with the donation of goods and services to projects under this program;
- (5) Reducing the number of district business and fiscal officers from eighteen to eight and appropriating out of the general revenues of the State \$300,000 for fiscal years 2001-2002 and 2002-2003 to fund those positions;
- (6) Adding three positions (two Building Inspector II positions and one Clerk Typist III) to the Department of Accounting and General Services to facilitate the implementation of the measure;
- (7) Adding a provision requiring the comptroller to develop internal policies and procedures for the procurement of goods, services, and construction, consistent with the goals of public accountability and public procurement practices, but not subject to chapter 103D;
- (8) Deleting the formula by which allocations would have been made to the school physical plant operations and maintenance account; and
- (9) Utilizing the six-year program and financial plan as a vehicle to assist the Legislature in determining annual funding requirements to provide for a continual repair and maintenance program to prevent back logs in the future.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1577, 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. 1577, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Nakasone and Leong.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, English, Ige, Kawamoto, Menor and Hogue.
Managers on the part of the Senate.
(Senators English, Ige and Menor were excused.)

Conf. Com. Rep. 122 on S.B. No. 18

The purpose of this measure is to fund all collective bargaining cost items in the arbitration award for Collective Bargaining Units 2, 3, 4, 6, 8, 9, and 13.

In addition, this measure funds the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for state officers and employees who are excluded from collective bargaining and belong to the same compensation plans as those officers and employees within Collective Bargaining Units 2, 3, 4, 6, 8, 9, and 13.

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

- (1) Amending the amounts appropriated to the Hawaii Health Systems Corporation to more accurately reflect the cost of providing collective bargaining cost items to their employees;
- (2) Changing the date upon which this Act shall take effect from July 1, 2010, to July 1, 2001; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 18, 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. 18, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Chumbley, Hanabusa and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 123 on S.B. No. 1379

The purpose of this measure is to fund all collective bargaining cost items in the negotiated settlement for Collective Bargaining Unit 5 (teachers and other personnel of the Department of Education under the same salary schedule).

In addition, the measure funds the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for teachers and other personnel of the Department of Education under the same salary schedule who are excluded from collective bargaining.

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

- (1) Inserting specific amounts to be appropriated to cover the costs of the salary increases and deleting references to funding sources not used; and
- (2) Changing the date upon which this Act shall take effect from July 1, 2010, to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1379, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1379, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Chumbley, Hanabusa and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 124 on S.B. No. 1044

The purpose of this bill is to establish a single health benefits delivery system for State and county employees, retirees, and their dependents. The new system will be known as the Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund).

Your Committee on Conference finds that providing quality health insurance meeting the needs of all public employees and their dependents is a top priority. At the same time, one of the State's chief concerns is how it will be able to afford escalating health insurance costs for State and county public employees, retirees, and their dependents under the Hawaii Public Employees Health Fund (Health Fund).

Health benefits are a significant component of the total compensation package for public employers and comprise a substantial part of the State's payroll costs. Contributions for public employee health benefits in Hawaii consume about 10 percent of the State's operating expenses.

In 1999, the Legislative Auditor found that if the State maintains the current Health Fund system, the cost of employer contributions will exceed \$1,000,000,000 in 2013.

The Health Fund was established in 1961 to provide health benefits for state and county workers. The Health Fund now offers a comprehensive package of benefits, including medical, prescription drug, vision, dental, long-term care, and life insurance benefits.

Beginning in 1984, eligible employees were given the option of obtaining health benefit coverage through union-sponsored plans, instead of the Health Fund. Since then, the percentage of active employees participating in union plans has grown dramatically.

Under the Health Fund, the State and counties pay 60 percent of the premiums for active employees and their dependents. Active employees pay the remaining 40 percent of the premiums. Retirees do not pay for their premiums.

On the other hand, the Health Fund contributes roughly 70 to 90 percent of active employee insurance premiums under union plans. The unions have been able to attract more employees because they have been able to negotiate more competitive benefit packages with insurance carriers. Moreover, the unions have been able to keep costs down because they do not offer coverage to retirees, who are generally higher risks than younger, active employees.

This inequity is further compounded when unions are refunded for the overpayment of premiums. Even though the Health Fund pays for the bulk of union-plan premiums, none of the refunded money is returned to the Health Fund.

This bill seeks to address these concerns by repealing the existing Health Fund and replacing it with an employer-union trust structure to provide a single health benefits program for public employees, retirees, and their dependents.

If nothing is done now, the spiraling cost of the Health Fund will create significant financial hardships for state taxpayers. Recognizing the urgency of this matter, your Committee on Conference finds that reforming the Health Fund is the responsible thing to do.

This bill will ensure that the Health Fund, and the succeeding Trust Fund, will remain solvent. Consolidating the health benefits programs under the existing system will ensure the solvency of the State, as well as benefit all public employees and retirees today and in the future.

It is not the intention of your Committee on Conference that public employees and retirees suffer a diminishment of existing health benefits. This bill will give the governing boards of the Trust Fund and the Health Fund, during the transition period, complete discretion, authority, and flexibility to devise and maximize the levels and types of benefits available for public employees and retirees.

To ensure that the needs of the beneficiaries of the system are met, the bill provides for their representation on the Trust Fund Board. Further, the amounts of employer contributions will be determined through collective bargaining.

After careful deliberation, your Committee on Conference has amended this bill by:

- (1) Clarifying definitions for "carrier," "employee," "employee-beneficiary," "health benefits plan," and "qualified-beneficiary;"
- (2) Providing new definitions for "county," and "part-time, temporary, and seasonal or casual employee;"
- (3) Changing the composition of the Board of Trustees of the Trust Fund (Board) to consist of 10 trustees as follows:
 - (A) Five trustees, one of whom shall represent retirees, to represent employee-beneficiaries. The trustees shall be appointed from a list of three nominees per trustee submitted by the exclusive employee representative organizations; and
 - (B) Five trustees to represent public employers;
- (4) Establishing, as far as practicable, staggered four-year terms for all trustees;
- (5) Clarifying that the Governor shall replace a trustee with a successor trustee representing the same interests as the person's predecessor;
- (6) Providing that a majority of trustees, instead of two trustees, may call a Board meeting by giving at least 10 calendar days' written notice;
- (7) Deleting the provision allowing any Board action to be taken by a simple majority. Instead, any action taken by the Board must be by concurrence of at least two votes; and
- (8) Changing the quorum and voting requirements necessary for Board actions. Specifically:
 - (A) For any vote of the trustees representing public employers to be valid, three of these trustees must concur. These trustees will be deemed to have abstained from voting in the absence of concurrence;
 - (B) For any vote of the trustees representing employee-beneficiaries to be valid, three of these trustees must concur. These trustees will be deemed to have abstained from voting in the absence of concurrence; and
 - (C) Upon concurrence of six trustees, the Board shall participate in dispute resolution;
- (9) Clarifying that long-term care benefits plans shall be at no cost to employers;
- (10) Allowing the Board to contract with a carrier or third-party administrator to administer self-insured benefits for long-term care without regard to chapter 103D, Hawaii Revised Statutes (HRS);
- (11) Requiring the State and counties to make a contribution equal to \$50 per month, or such other amount to be determined by the Board, for voluntary medical insurance coverage under Medicare for each retired member or spouse of a retired member;

(12) Allowing the Board to adopt rules, without regard to chapter 91, HRS, governing dispute resolution in the event of impasse in decision-making. Rules governing dispute resolution shall be adopted with the concurrence of six trustees;

(13) Changing the base monthly contribution rates for health benefit plans for retired employees as follows:

(A) \$218.00 for each employee-beneficiary enrolled in supplemental Medicare self plans;

(B) \$671.00 for each employee-beneficiary enrolled in supplemental Medicare family plans;

(C) \$342.00 for each employee-beneficiary enrolled in non-Medicare self plans;

(D) \$928.00 for each employee-beneficiary enrolled in non-Medicare family plans;

(14) Clarifying that state agencies having control of funds other than the general fund shall reimburse the State for State contributions;

(15) Deleting amendments made to section 87-27, HRS;

(16) Specifying that for the initial appointment for trustees representing employee-beneficiaries, two members will serve four-year terms, two will serve three-year terms, and one will serve for a two-year term;

(17) Specifying that when submitting the list of nominees for the trustees representing employee-beneficiaries, the exclusive employee representative organizations shall indicate preferences for the length of the trustee's term for each set of nominees recommended to the Governor;

(18) Deleting the general fund expenditure ceiling provision;

(19) Appropriating \$300,000 for fiscal year 2001-2002 for the hiring of necessary staff, consultants, and other administrative expenses to enable the Department of Budget and Finance to effectuate this measure;

(20) Changing the effective date to take effect on July 1, 2001, except that the section repealing chapter 87, HRS, would take effect on July 1, 2003. Further, all rules governing the Health Fund will remain in effect until the Trust Fund adopts new rules; and

(21) Making other technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

This bill, as amended, would result in potential cost savings of \$65,000,000 by 2004. By the year 2013, cumulative savings could be as high as \$903,797,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1044, 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. 1044, S.D. 1, H.D. 1, C.D. 1.

Representatives Yoshinaga, Saiki and Rath.
Managers on the part of the House.

Senators Hanabusa, Kim, Nakata, Chumbley, Chun, Kanno, Taniguchi and Slom.
Managers on the part of the Senate.
(Senators Chumbley and Slom were excused.)

Conf. Com. Rep. 125 on S.B. No. 1535

The purpose of this bill is to statutorily establish the Hawaii Commission for National and Community Service and appropriate funds to be used as state matching funds to secure federal moneys.

Upon further consideration, your Committee on Conference amended the measure to appropriate \$150,000 for fiscal years 2001-2002 and 2002-2003 to be used to secure additional federal moneys.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1535, 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. 1535, S.D. 2, H.D. 1, C.D. 1.

Representatives Arakaki, Ito, Kawakami, Yonamine, Djou and Stonebraker.
Managers on the part of the House.
(Representatives Yonamine and Stonebraker were excused.)

Senators Matsuura, Hanabusa and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 126 on S.B. No. 469

The purpose of this measure is to provide an appropriation for the counties to cover the administrative costs of the program to issue removable windshield placards for parking to qualified persons with disabilities.

Upon further consideration, your Committee on Conference amended the measure to appropriate \$176,000 for fiscal year 2001-2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 469, 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. 469, S.D. 1, H.D. 2, C.D. 1.

Representatives Arakaki, Kawakami and Rath.
Managers on the part of the House.

Senators Kim, Kawamoto, Taniguchi and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 127 on S.B. No. 932

The purpose of this bill is to prohibit parental preferences in state and county executive agencies, and provide for a clean elections campaign for the Honolulu City Council.

Your Conference Committee finds that research supports the positive effects of paternal involvement in the lives of children. While the importance of the role of mother is well-known, that of the father is also of great importance. The bill requests all state and county executive agencies to examine their contracts, programs, services, and work force policies to determine if they favored one parent over the other.

Your Conference Committee has amended this bill by removing references to work force policies in the section relating to parental preferences, and removing the part dealing with the clean elections campaign.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 932, S.D. 2, H.D. 4, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 932, S.D. 2, H.D. 4, C.D. 1.

Representatives Yoshinaga, Hamakawa, Saiki, Garcia, Auwae and Thielen.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Kawamoto, Kanno, Nakata, Kim and Slom.
Managers on the part of the Senate.
(Senators Kim and Slom were excused.)

Conf. Com. Rep. 128 on S.B. No. 1113

The primary purposes of this bill are to enable the Department of Human Services (DHS) to better administer its assistance programs by clarifying that:

- (1) The requirement that DHS file an annual update of its liens with the Bureau of Conveyances (Bureau) is an internal departmental accounting measure intended to track DHS expenditures, and is not intended to burden the Bureau to record the same lien against the same property year after year;
- (2) DHS may initiate probate proceedings to enforce a lien against the estate of a recipient; and
- (3) Recording and tracking procedures may apply to both types of DHS liens, specifically real estate liens on the interest of:
 - (A) A person applying for or receiving DHS assistance; and
 - (B) A medical assistance recipient who is an inpatient of a medical institution.

Two further purposes of this bill are to appropriate funds for respite care services for family caregivers, and to create a welfare safety net program entitled, "Keeping Hope Alive".

Upon further consideration, your Committee on Conference amended this measure to delete the provisions dealing with respite care services.

Your Conference Committee also amended the provisions of this bill that create the "Keeping Hope Alive" program. As amended by your Conference Committee, DHS is authorized to create a welfare safety net program called "Keeping Hope Alive," but is not required to do so.

There are no further requirements or funding for the "Keeping Hope Alive" program in this bill, and so if DHS chooses to create such a program it will have broad discretion to fashion whatever type of program it deems appropriate.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1113, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1113, H.D. 1, C.D. 1.

Representatives Kahikina, Kawakami and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Kawamoto, Menor, Chumbley, Kanno and Hemmings.
Managers on the part of the Senate.
(Senators Chumbley and Hemmings were excused.)

Conf. Com. Rep. 129 on S.B. No. 755

The purpose of this bill is to authorize the Department of Transportation (DOT) or the Board of Land and Natural Resources (BLNR) to enter into capital advancement contracts with private parties for maintenance and repair of facilities throughout the State.

With one exception, there were only minor linguistic differences between the House and Senate versions of this bill. The House and Senate differed as to whether the capital advancement contracts authorized by this bill should be approved by the state procurement office or by the DOT or BLNR.

Your Conference Committee agreed to reinstate the H.D. 1 version of this bill as the base for the C.D. 1 version, which requires approval by either DOT or BLNR, whichever entity has jurisdiction over the harbor being improved, in addition to any other approvals required under this bill.

In addition, your Conference Committee amended this bill as follows:

- (1) To define the term "capital advancement contract";
- (2) To insert language clarifying that the capital advancement contracts authorized by this bill shall not be general obligations of the State for which the full faith and credit of the DOT or BLNR is pledged, and that the legislature shall be under no obligation to appropriate funds to reimburse private parties to capital advancement contracts; and
- (3) To limit the total aggregate amount of capital advancement contracts that may be entered into in any calendar year. As amended, BLNR may enter into capital advancement contracts with a total aggregate value of \$5,000,000 annually for improvements to small boat harbors; DOT may enter into \$5,000,000 worth of capital advancement contracts annually for improvements to harbors under its jurisdiction.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 755, 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. 755, S.D. 2, H.D. 1, C.D. 1.

Representatives Souki, Espero and Rath.
Managers on the part of the House.
(Representative Rath was excused.)

Senators Kawamoto, Taniguchi, Inouye, Kanno and Hemmings.
Managers on the part of the Senate.
(Senators Inouye and Kanno were excused.)

Conf. Com. Rep. 130 on S.B. No. 1060

The purpose of this measure is to clarify the requirements for escrow depositories relating to confidentiality of records, branch closings, termination of operations, fees, and depository accounts.

This measure establishes the statutory authority for administrative rules governing the confidentiality of escrow depository records and voluntary termination procedures by codifying requirements currently set forth in the rules. Additionally, this measure establishes specific procedures for branch closings, authorizes additional fees, and allows escrow moneys to be held in sweep accounts, subject to certain requirements.

Your Committee has amended this measure by making technical amendments for clarification.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1060, 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. 1060, S.D. 1, H.D. 2, C.D. 1.

Representatives Hiraki, Suzuki and Whalen.
Managers on the part of the House.
(Representative Whalen was excused.)

Senators Menor, Chumbley, Taniguchi and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 131 on S.B. No. 1068

The purpose of this measure is to conform Hawaii's producer licensing laws to the requirements of the federal Financial Services Modernization Act of 1999, P.L. 106-102, more commonly known as the Gramm-Leach-Bliley Act. The federal law requires that a majority of states have "producer licensing" laws in place by November 12, 2002, that are either uniform or reciprocal to each other. This bill adopts the National Association of Insurance Commissioners' ("NAIC") Producer Licensing Model Act that was created in response to the federal mandate.

Upon further consideration, your Committee on Conference amended this measure as follows:

- (1) To require business entities to pay the applicable fees in chapter 432, Hawaii Revised Statutes (HRS), in addition to the fees in chapter 431, HRS, in order to obtain an insurance producer license;
- (2) To slightly broaden the circumstances under which an insurance producer may act as an insurer's agent;
- (3) To change the effective date to July 1, 2002; and
- (4) To make several technical, nonsubstantive amendments to conform the language of the measure to the language of the NAIC Producer Licensing Model Act.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1068, 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. 1068, S.D. 1, H.D. 2, C.D. 1.

Representatives Hiraki, B. Oshiro, Suzuki, Souki, Auwae and Whalen.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Menor, Kim, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 132 on S.B. No. 1030

The purpose of this measure is to authorize the Hawaii community development authority to issue special facility revenue bonds for eligible projects, including an ocean science center, in the Kakaako community development district.

Your Committee on Conference finds that the proximity of the Kakaako community development district to the waterfront and to urban Honolulu provides an excellent opportunity for other facilities, such as a multicultural center and an ocean park.

Upon further consideration, your Committee on Conference amended the measure to add language in reference to a multicultural center and an ocean park, and to make technical amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1030, 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. 1030, S.D. 2, H.D. 2, C.D. 1.

Representatives Kanoho, Nakasone and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators Inouye, Tam, Taniguchi, Chun Oakland, Ihara, Kawamoto and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 133 on S.B. No. 1561

The purpose of this measure is to authorized issuance of \$5,000,000 in special purpose revenue bonds for Central Kauai Sanitary Landfill, LLC.

Upon further consideration, your Committee on Conference has amended the measure to make the Act effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1561, 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. 1561, S.D. 1, H.D. 2, C.D. 1.

Representatives Morita, Takamine and Davis.
Managers on the part of the House.

Senators Inouye, Chun, Kim, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senator Chun was excused.)

Conf. Com. Rep. 134 on S.B. No. 530

The purpose of this measure is to:

- (1) Provide incentives to keep exemplary principals and vice-principals at the school level;
- (2) Encourage exemplary principals and vice-principals to accept long-term assignments to hard-to-staff schools, special needs schools, and schools with high teacher turnover; and
- (3) Encourage exemplary teachers to become vice-principals.

Your Committee has amended the measure by:

- (1) Eliminating the requirement that vice-principals have at least three years of teaching experience. Instead vice-principals shall meet the department's certification requirements and shall have appropriate school-level experience as determined by the department; and
- (2) Deleting all specific appropriations and instead appropriating \$200,000 for each fiscal year of the biennium for the purposes of the bill.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 530, 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. 530, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Takamine, Saiki, Schatz, Bukoski and Halford.
Managers on the part of the House.
(Representatives Saiki and Bukoski were excused.)

Senators Sakamoto, Nakata, Chun Oakland, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator Chun Oakland was excused.)

Conf. Com. Rep. 135 on S.B. No. 654

The purpose of this bill, as received, is to set medicaid payments at a level that fairly compensates providers by ensuring that payments are at least sufficient to cover the actual cost of care offered by providers.

Your Committee on Conference was not provided the funding so that reimbursements to providers could be increased to cover the actual cost. Thus, this bill has been amended by:

- (1) Removing the appropriation sections for the increase in reimbursements for QUEST, the aged, blind, and disabled medicaid recipients;
- (2) Requiring the Department of Human Services to withdraw its proposed state medicaid plan to eliminate one-half of the DRI McGraw-Hill inflation component and the return on equity;
- (3) Prohibiting the Department of Human Services from resubmitting to the Health Care Financing Administration any new proposed state medicaid plan amendment to eliminate or diminish the DRI McGraw-Hill inflation component and the return on equity until the legislature approves and funds a mandatory program; and
- (4) Amending the purpose section to apply to current language of the bill.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 654, 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. 654, S.D. 2, H.D. 2, C.D. 1.

Representatives Kahikina, Kawakami and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Matsuura, Hanabusa, Kokubun, Nakata and Hogue.
Managers on the part of the Senate.
(Senators Nakata and Hogue were excused.)

Conf. Com. Rep. 136 on S.B. No. 41

The purpose of this measure is to reestablish a youth conservation corps, to authorize the use of moneys in the natural area reserve fund for the youth conservation corps, and to appropriate \$1 for fiscal year 2001-2002 for the corps.

Upon further consideration, your Committee on Conference amended the measure to delete the appropriation section.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 41, 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. 41, S.D. 1, H.D. 2, C.D. 1.

Representatives Kanoho, Yonamine and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators Inouye, Hanabusa, Chun Oakland and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 137 on S.B. No. 1414

The purpose of this measure is to appropriate funds for the State of Hawaii's annual contribution to the costs of the National Conference of Commissioners on Uniform State Laws (NCCUSL) and to fund registration and travel expenses for Hawaii's delegation to the 2001 annual meeting of the NCCUSL.

Your Committee on Conference finds that the NCCUSL is a unique institution created over one hundred years ago to create proposals for state laws, particularly in areas where uniformity among state laws is important.

Your Committee on Conference has amended this measure by appropriating the sum of \$12,500.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1414, 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. 1414, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Espero and Auwae.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 138 on S.B. No. 704

The purpose of this bill is to require the Criminal Injuries Compensation Commission (Commission) to appoint an executive director and administrative assistant, and to make appropriations into and out of the crime victim compensation special fund (fund).

Your Committee on Conference has amended this bill by reverting to the S.D. 1, except for exceeding the budget ceiling language, which makes the following changes:

- (1) Makes an appropriation into and out of the fund of \$450,000; and
- (2) Deletes the repeal date of section 4 of Act 278, Session Laws of Hawaii 1999, which amended section 351-62.5, Hawaii Revised Statutes, temporarily repealing the requirement that not more than thirty per cent of funds deposited into the fund be used for operating expenses and salaries.

Your Committee on Conference has further amended this measure by inserting section 5 of the H.D. 2, requiring the crime victim compensation commission to report to the 2002 legislature concerning the fees collected by the courts for deposit into the fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 704, 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. 704, S.D. 1, H.D. 2, C.D. 1.

Representatives Garcia, B. Oshiro, Nakasone, Espero, Auwae and Leong.
Managers on the part of the House.
(Representative Espero was excused.)

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 139 on S.B. No. 1046

The purpose of this measure is to:

- (1) Limit state and county contributions for public employees health benefits expenditures to the amount appropriated in fiscal year 2001-2002; and
- (2) Provide that amounts subject to a collective bargaining agreement in effect on July 1, 2001, be appropriated until the expiration of the collective bargaining agreement.

Your Committee on Conference finds that the State and the counties face an unfunded liability for payment of health benefits for their public employees of a high of \$24,800,000,000 for 2013, as projected by the Auditor in its 1999 *Actuarial Study and Operational Audit of the Hawaii Public Employees Health Fund*. Low and intermediate estimates are not much lower and range from \$7,900,000,000 to \$11,400,000,000. As of 1998, the unfunded liability for the Public Employees Health Fund had already reached a high of \$7,400,000,000 with low and intermediate projections of \$3,600,000,000 and \$4,500,000,000.

Currently, the system of providing health benefits to public employees operates by paying for benefits contracted for by the public employees health fund on a "pay as you go" basis, without any limits on cost. In the past, when health care costs were minimal and health benefits were not considered a significant component of an employee's compensation, this was not an issue. However, as more advanced treatment, procedures, and medications are developed, their costs have also increased. Health benefits are now considered an extremely important part of an employee's compensation precisely because health care now costs so much. In addition, as more employees begin to live longer and as they learn to demand to use more benefits, the system is proving unable to keep up. The reality is that the State and the counties will be unable to pay for health benefits for their employees in the future without seriously cutting from other portions of governmental budgets if no changes are made.

However, your Committee on Conference is keenly aware of the negative ramifications an expenditure ceiling will have on the provision of health benefits to public employees. The implementation of an expenditure ceiling without adjusting existing statutorily mandated health benefits would inevitably result in the placement of a majority of public employees under the care of health maintenance organizations...thus diminishing a public employee's ability to choose a health care provider. Consequently, your Committee on Conference does not believe that simply implementing an expenditure ceiling strikes a balance between the necessity of the employer to contain health benefits costs and the ability of the employee to choose a health care provider.

Therefore, your Committee intends to address the issue of spiraling costs by not only instituting a ceiling on public expenditures for health benefits for public employees and retirees, but also allowing the Public Employees Health Fund to craft health benefits plans within the employer's fiscal limitations. This amended measure expressly provides the Public Employees Health Fund with greater flexibility to, among other things, determine the types of plans, the design of plans, and the delivery of plan services.

Upon further consideration and based on this intent, your Committee on Conference has amended the measure by:

- (1) Recasting the purpose section of the measure to reflect this intent;
- (2) Deleting section 2 of the measure, which amended section 87-4(a), Hawaii Revised Statutes, the amendments to which limit the amount public employers pay to the Public Employees Health Fund to Fiscal Year 2001-2002 levels;
- (3) Adding five new sections which:
 - (A) Amend section 87-4.5(b), Hawaii Revised Statutes, relating to health benefits of employees who retire with fewer than ten years of service, by enabling the Health Fund to design a health benefits plan for these retirees;
 - (B) Amend section 87-4.5(e), Hawaii Revised Statutes, to conform that subsection with the amendments made to section 87-4.5(b), Hawaii Revised Statutes;
 - (C) Amend section 87-4.6(c), Hawaii Revised Statutes, relating to health benefits of employees who were hired after June 30, 1996, and retire with fewer than twenty-five years of service, by enabling the Health Fund to design a health benefits plan for these retirees;
 - (D) Amend section 87-4.6(f), Hawaii Revised Statutes, to conform that subsection with the amendments made to section 87-4.6(c), Hawaii Revised Statutes; and
 - (E) Amend section 87-22, Hawaii Revised Statutes, relating to the determination of health benefits plans, by providing the Health Fund with the authority to design health benefits plans for all beneficiaries of the Health Fund; and
- (4) Amending the section of the measure that amends section 87-27, Hawaii Revised Statutes, relating to the Health Fund paying for supplemental plans to Medicare, by:
 - (A) Deleting the existing amendments;
 - (B) Inserting a fixed reimbursement amount of \$50 per month, or the Medicare plan rate, whichever is less, that the Health Fund will pay to qualified enrollees in supplemental Medicare plans; and
 - (C) Providing that the benefits of the supplemental Medicare plan authorized by the Health Fund, when combined with Medicare, shall be comparable to health benefits plans provided to employee-beneficiaries and their spouses who are not eligible for Medicare.

Your Committee on Conference believes that the amended measure will not only contain costs for the public employer, but will also result in better, more well-suited, health benefits plans for each beneficiary of the Public Employees Health Fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1046, 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. 1046, S.D. 1, H.D. 1, C.D. 1.

Representatives Saiki, Suzuki and Leong.
Managers on the part of the House.
(Representative Suzuki was excused.)

Senators Hanabusa, Nakata, Taniguchi and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 140 on S.B. No. 1058

The purpose of this measure is to reduce public employer costs by:

- (1) Requiring the amount ported to employee organizations for health benefit plans and group life insurance be based on the most cost effective plan that provides the same level of benefits for participants in the plans of the Public Employee Health Fund (PEHF) and employee organizations;
- (2) Confirming the employer's authority to audit employee organization health benefits and group life insurance plans;
- (3) Requiring employee organizations to return to PEHF the employer's share of refunds from their insurance carriers; and
- (2) Appropriating \$200,000 in each year of fiscal biennium 2002-2003 for B&F to audit employee organization plans.

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

- (1) Establishing a definition of "excess ported amount";
- (2) Requiring, unless otherwise specified by PEHF, that all excess ported amounts be returned;
- (3) Adding references to a successor entity to PEHF, if an employer-union trust fund is established;
- (4) Requiring that an employer organization hold all excess ported amounts in trust for PEHF until returned to PEHF;
- (5) Establishing definitions of "actual cost of the plan", in the various health benefits statutes in order assist in PEHF's determination of which of its plans are its most cost-effective;
- (6) Clarifying that the appropriation of funds from PEHF trust funds for the Department of Budget and Finance to audit employee organization plans be expended as inter-departmental transfer funds;
- (7) Having the Act take effect upon approval, except for the appropriation section; and
- (8) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1058, 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. 1058, S.D. 1, H.D. 1, C.D. 1.

Representatives Yoshinaga, Saiki and Davis.
Managers on the part of the House.

Senators Hanabusa, Nakata, Chumbley, Taniguchi and Slom.
Managers on the part of the Senate.
(Senators Chumbley and Slom were excused.)

Conf. Com. Rep. 141 on S.B. No. 992

The purpose of this measure is to improve the administration and enforcement of the cigarette tax, tobacco tax, and cigarette tax system.

Your Committee has amended this measure by inserting a preferable version of this measure, H.B. 516, H.D. 1, S.D. 1, and making additional changes.

As amended, this measure differs from its original contents by:

- (1) Not providing for special penalties for the resale of tax-exempt cigarettes from armed services sales outlets since this measure already penalizes that violation;
- (2) Allowing licensed cigarette and tobacco wholesalers or dealers to purchase stamps at a reduction of 0.4 per cent of the denominated value of each lot of stamps purchased in order to recover the cost of affixing stamps and authorizing the Department of Taxation to increase or decrease the reduction by rule under chapter 91, Hawaii Revised Statutes;
- (3) Requiring the department of taxation and any entity required to file a cigarette or tobacco-related report or return to provide the attorney general any information necessary for the proper administration of the tobacco products reporting and tobacco liability laws;
- (4) Allowing the Attorney General to bring civil action against violators of the tobacco products reporting and tobacco liability laws and allowing the State to be awarded the attorney's fees and expenses incurred in prosecuting violations of this chapter;

(5) Appropriating \$100,000 for fiscal year 2001-2002 out of the general revenues to be deposited into the cigarette tax stamp enforcement special fund created by this measure and appropriating out of that fund \$700,000 and \$600,000 for fiscal year 2001-2002 and 2002-2003 respectively for the Attorney General to further cigarette tax stamp enforcement;

(6) Appropriating \$40,000 for fiscal year 2001-2002 out of the general revenues to be deposited into the cigarette tax stamp administrative special fund created by this measure and appropriating out of that fund \$120,000 and \$80,000 for fiscal year 2001-2002 and 2002-2003 respectively for the Department of Taxation to continue to administer the cigarette tax stamp program;

(7) Appropriating \$350,000 for fiscal year 2001-2002 and the same sum for fiscal year 2002-2003 out of the tobacco enforcement special fund to carry out the purposes of the tobacco enforcement special fund;

(8) Making this measure effective upon approval, providing that section 8 take effect September 1, 2001, and sections 14 to 18 take effect on July 1, 2001; and

(9) Making nonsubstantive technical and stylistic changes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 992, 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. 992, S.D. 2, H.D. 2, C.D. 1.

Representatives Hiraki, B. Oshiro, Suzuki, Souki, Auwae and Whalen.
Managers on the part of the House.
(Representatives Souki and Auwae were excused.)

Senators Matsuura, Kanno, English, Kokubun and Hogue.
Managers on the part of the Senate.
(Senator English were excused.)

Conf. Com. Rep. 142 on S.B. No. 710

The purpose of this measure is to appropriate funds for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of Collective Bargaining Unit 7, comprising the faculty of the University of Hawaii and community colleges.

In addition, the measure funds the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for other personnel of the University of Hawaii and the community college system under the same salary schedule who are excluded from collective bargaining.

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

- (1) Inserting specific amounts to be appropriated to cover the costs of the salary increases;
- (2) Inserting language to authorize the use of moneys from the 2000-2001 fiscal year to cover the costs of collective bargaining cost items; and
- (3) Changing the date upon which this Act shall take effect from July 1, 2010, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 710, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 710, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Chumbley, Hanabusa and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 143 on S.B. No. 1034

The purpose of the measure is to fund all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of Collective Bargaining Unit 1 (nonsupervisory employees in blue-collar positions).

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

- (1) Inserting specific amounts to be appropriated to cover the costs of the salary increases of the respective agencies' employees;
- (2) Adding a new part to the measure that includes an appropriation for salary increases and other cost items negotiated for collective bargaining unit 1 employees employed at the Hawaii Health Systems Corporation; and
- (3) Changing the effective date from July 1, 2010, to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1034, 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. 1034, S.D. 2, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Chumbley, Hanabusa and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 144 on S.B. No. 1035

The purpose of this measure is to fund:

- (1) Collective bargaining cost items in the arbitrated settlement with Collective Bargaining Unit 10 (Institutional, Health, and Corrections Workers), including those Unit 10 workers assigned to the Hawaii Health Systems Corporation and excluded counterparts; and
- (2) Salary increases and other cost adjustments for their excluded counterparts.

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

- (1) Amending section 9 of the measure to more accurately reflect the amount required to cover the cost items negotiated for collective bargaining unit 10;
- (2) Amending section 10 to more accurately reflect the transfer of funds process from the Director of Finance to the Hawaii Health Systems Corporation; and
- (3) Changing the effective date from July 1, 2010, to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1035, 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. 1035, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Chumbley, Hanabusa and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 145 on S.B. No. 1036

The purpose of this measure is to appropriate funds and provide fund authorization for collective bargaining cost items in the July 1, 2001, through June 30, 2003, collective bargaining agreement for Unit 11, firefighters, and excluded counterparts.

Your Committee finds that this measure finalizes the collective bargaining process through legislative authorization of funding for cost items.

Upon further consideration, your Committee has amended the measure by changing the effective date from July 1, 2010, to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1036, 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. 1036, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Chumbley, Hanabusa and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 146 on S.B. No. 1382

The purpose of this measure is to fund the salary increases and other cost adjustments for officers and employees of the following legislative agencies who are excluded from collective bargaining:

- (1) Office of the Auditor;
- (2) Ethics Commission;
- (3) Office of the Legislative Reference Bureau (LRB); and

(4) Office of the Ombudsman.

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

(1) Inserting specific amounts to be appropriated to cover the costs of the salary increases of the respective agencies' employees; and

(2) Changing the effective date from July 1, 2010, to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1382, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1382, H.D. 1, C.D. 1.

Representatives Takamine, Saiki and Davis.
Managers on the part of the House.

Senators Nakata, Taniguchi, Hanabusa, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Sakamoto was excused.)

Conf. Com. Rep. 147 on S.B. No. 1115

The purpose of this measure is to amend the laws relating to civil service employment.

Specifically, the measure:

- (1) Makes housekeeping amendments to Act 253, Session Laws of Hawaii 2000 (the Civil Service Modernization Act);
- (2) Creates the Human Resources Development Special Fund (Special Fund);
- (3) Clarifies the purposes for which the Human Resources Development Special Fund (Special Fund) may be used;
- (4) Appropriates moneys for the Special Fund;
- (5) Includes voluntary furlough as an alternative to public employee layoffs and termination, in the event of lack of work, lack of funds, or other legitimate reason;
- (6) Protects employee benefits in the event of voluntary furlough;
- (7) Repeals various provisions of existing civil service laws that were inadvertently omitted from Act 253; and
- (8) Enables experimental modernization projects authorized under Act 253 to begin on July 1, 2001, instead of the original start date of July 1, 2002.

Your Committee on Conference finds that due to the complexity of the Civil Service Modernization Act, many details were left out of the final measure that was enacted into law.

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

- (1) Deleting all provisions relating to voluntary furloughs;
- (2) Including amendments that clarify the ability public employers and employees to negotiate leaves of absences as envisioned under Act 253; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Conference believes that the amended measure addresses those oversights so that reform efforts may progress.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1115, 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. 1115, S.D. 1, H.D. 1, C.D. 1.

Representatives Yoshinaga and Saiki.
Managers on the part of the House.

Senators Nakata, Taniguchi, Buen, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Buen was excused.)

Conf. Com. Rep. 148 on S.B. No. 1144

The purpose of this measure is to:

(1) Raise the minimum wage from its existing \$5.25 per hour, to \$5.50 per hour beginning July 1, 2002, and to \$6.00 per hour beginning July 1, 2003; and

(2) Change the tip credit from 20 cents below the minimum wage to eight percent below the minimum wage.

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

(1) Raising the minimum wage to \$5.75 per hour beginning January 1, 2002, and to \$6.25 per hour beginning January 1, 2003; and

(2) Deleting the proposal to establish the tip credit at eight percent below the minimum wage and inserting a tip credit of 25 cents below the minimum wage; and

(3) Changing the effective date of the measure from July 1, 2001, to January 1, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1144, 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. 1144, S.D. 2, H.D. 2, C.D. 1.

Representatives Yoshinaga, Takamine and Davis.
Managers on the part of the House.

Senators Nakata, Hanabusa, Kanno, Kawamoto and Taniguchi.
Managers on the part of the Senate.
(Senator Kawamoto was excused.)

Conf. Com. Rep. 149 on S.B. No. 123

The purpose of this measure is to repeal the homeless assistance program known as the "Hale Kokua Program".

Your Committee finds that over the years, the State's homeless assistance programs have sustained substantial budget reductions and that the current budget for homeless programs is \$1,300,000 less than it was in 1996. Your Committee further finds that restoring and maintaining adequate funding for these programs is critical to preventing homelessness in the State, particularly at a time when many families are beginning to lose their welfare cash benefits and may be unable to meet their housing costs.

Therefore, your Committee has amended this measure by reverting to the Senate version, which appropriates needed funding for homeless assistance and specifying that the appropriation amount shall be \$100,000 for each of the fiscal years 2001-2002 and 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 123, 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. 123, S.D. 1, H.D. 2, C.D. 1.

Representatives Kahikina, Kawakami and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Menor, Taniguchi, Kim and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 150 on S.B. No. 838

The purpose of this measure is to establish a two-year pilot grant program that provides financial assistance to residential property owners for the installation of wind damage mitigation devices.

Under the program, grants are awarded on a dollar-for-dollar matching funds basis up to a maximum \$3,500 per insured location to reimburse homeowners for the installation of Hawaii Hurricane Relief Fund-approved wind damage mitigation devices that lessen the probability of loss from strong winds. Additionally, this measure appropriates a total of \$10,000,000 from the Hurricane Reserve Trust Fund for the program and requires a report on the program's status to the 2002 Legislature.

Your Committee has amended this measure by adding language that establishes the measure's public purpose and standards for the grant program.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 838, 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. 838, S.D. 2, H.D. 1, C.D. 1.

Representatives Hiraki, Takamine and Whalen.
Managers on the part of the House.

Senators Menor, Taniguchi and English.

Managers on the part of the Senate.

Conf. Com. Rep. 151 on H.B. No. 200

The purpose of this bill is to appropriate funds for the operating and capital improvement costs of the executive branch for the fiscal biennium July 1, 2001 through June 30, 2003.

Overview

The Legislature has a responsibility to manage state revenues in the most prudent manner possible in order to ensure efficient and effective government operations. Although resources available to the State have increased slightly, government cannot be all things to all people. Despite the State's current prosperity and favorable outlook for the near future, uncertainties remain.

Economic Backdrop

National economic indicators bring about the feelings of uncertainty that your Conference Committee has concerning Hawaii's economy. At the national level, economic activity began slowing in the second half of 2000. Growth in consumer spending and residential investment decelerated markedly, and stock prices fell substantially. Consumer spending declined and investment in housing fell. The Standard and Poor's 500 stock price index, which grew at an annual rate of almost 15 per cent in 1999 and the first half of 2000, declined at an annual rate of 17 per cent later last year and has now entered what many analysts consider to be a bear market. This slowdown in growth was inevitable to some extent, as both consumer and business spending grew at unsustainable rates in the earlier periods. At the same time, sharp decreases in stock prices last year reduced consumer wealth, raised the cost of capital, and weakened consumer expectations and business confidence in future economic activity.

By the middle of 2000, the Federal Reserve had raised the federal funds rate to 6.5 per cent in response to rapid expansion in aggregate demand. As the economy slowed, however, the Federal Reserve lowered the rate four times in 0.5 percentage point increments, bringing it down to 4.5 per cent.

In Hawaii, general fund revenues from tax collections through the first eight months of fiscal year 2000-2001 grew at a rate of 7.8 per cent although the Council on Revenues predicted a 6.0 per cent increase. The continued lowering of federal interest rates will reduce the cost of mortgage money resulting in further refinancing activity and increased construction.

It is for these reasons that your Conference Committee has taken a conservative fiscal approach in the construction of this biennial budget.

Fixed Costs

Although the state budget has increased in size, your Conference Committee emphasizes that numerous fixed costs drove the budgeting process. Your Conference Committee considers fixed cost items to be health fund premiums for the State's employees, debt service payments on capital improvement projects, pension accumulation payments to the Employee's Retirement System, Social Security and Medicare payments, and costs related to compliance with the Felix Consent Decree. Increases in these 5 items total \$279.5 million in fiscal year 2001-2002 and \$406.7 million in fiscal year 2002-2003. Your Conference Committee would like to emphasize that growth in these non-discretionary items account for 75 per cent of the general fund increase for the State's entire budget in fiscal year 2001-2002, and 77 per cent of the general fund increase for the State's entire budget in fiscal year 2002-2003.

In addition, your Conference Committee was mindful of collective bargaining agreements being reached throughout this legislative session. Careful consideration was given to providing appropriations in the budget while maintaining a reasonable general fund balance. Consequently, your Conference Committee will be able to accommodate agreements reached with the Hawaii State Teachers Association, University of Hawaii Professional Assembly, Hawaii Government Employees Association, and the United Public Workers. Combined, these agreements represent an estimated increase of \$110 million in fiscal year 2001-2002, \$213 million in fiscal year 2002-2003, and \$227 million from fiscal year 2003-2004 onward.

Rising costs in these unavoidable "must-fund" items make up the majority of the general fund increases for the State. While revenue may be increasing, these cost drivers have kept pace with State receipts.

Health Fund

Health fund premiums are contributions the State, as an employer, owes on behalf of its employees to cover health fund costs. Payments to the Health Fund will account for an additional \$27.7 million in general fund expenditures in fiscal year 2001-2002 and an additional \$45.9 million in fiscal year 2002-2003. As a whole, the State will pay \$260.1 million in fiscal year 2001-2002 and \$278.3 million in fiscal year 2002-2003 for health fund premiums. While your Conference Committee assumed a conservative and responsible 7 per cent per annum increase in those costs, these increases are of continued concern. Methods to ameliorate this growth need to be implemented before the State finds itself unable to absorb further increases in employer health fund payments.

Debt Service

Debt service payments (payments of principal and interest due on the State's issuance of general obligation bonds) are essential because they cover the costs of the bonds the State issues to pay for its capital improvement projects. Projects such as the creation of parks, construction of new schools, and improvement of infrastructure are usually paid over a period of twenty years. These debt service payments will increase by \$29.7 million for fiscal year 2001-2002 and by \$90.4 million for fiscal year 2002-2003. Total general fund debt service payments for the State are \$417.0 million in fiscal year 2001-2002 and \$477.8 million in fiscal year 2002-2003. As your Conference Committee has reduced the Governor's initial capital improvement project proposal from \$1 billion to roughly \$500 million, projected debt service payments have been reduced considerably.

Pension Accumulation

Total pension accumulation costs amount to \$114.0 million in fiscal year 2001-2002 and \$157.2 million in fiscal year 2002-2003. This represents an increase of \$108.7 million in fiscal year 2001-2002 and \$151.9 million in fiscal year 2002-2003. The State is required to make these payments to the Employees' Retirement System for the benefit of state workers. Recent changes in assumptions for the calculation of these payments have allowed your Conference Committee to trim these payments by \$10.2 million.

Social Security and Medicare

The State is required by federal law to make Social Security and Medicare insurance payments on behalf of its employees. These figures are derived from the sum of personnel costs and total \$136.2 million in fiscal year 2001-2002 and \$138.6 million in fiscal year 2002-2003 in general fund expenditures. These numbers represent an increase of \$29.5 million in fiscal year 2001-2002 and \$31.9 million in fiscal year 2002-2003 from fiscal year 2000-2001 figures.

Felix Consent Decree and the Contempt Order

Your Conference Committee is committed to full compliance with the Felix Consent Decree and more recently, the Revised Consent Decree of August 3, 2000. Nevertheless, your Conference Committee continues to have grave concerns with the escalating costs associated with the Decree. Since fiscal year 1995, both the Department of Health (DOH) and the Department of Education (DOE) have expended \$1.35 billion in their attempts to achieve compliance with the Felix Consent Decree. Neither department has been able to manage the cost of compliance, as evidenced by the habitual annual requests for emergency funding submitted by the Governor.

Consent Decree: Health

Your Conference Committee has made every effort to comply with all aspects of the Felix Consent Decree and the commitments made to the Federal Court. Further, your Conference Committee is foremost committed to providing quality mental health services for the Felix class of children and adolescents. While the Felix Consent Decree has become a major cost driver, your Conference Committee reiterates its commitment by providing an additional \$85.7 million over the biennium to the DOH to meet the mandate of the Federal Court. It is important to note that although the responsibility, workload, and number of clients served in the Felix class has decreased for this division; their total budget appropriation has been increased. Your Conference Committee also provided \$41.9 million in emergency funding for the current fiscal year to the Child and Adolescent Mental Health Division (CAMHD) to meet its sixth straight shortfall since the benchmarks went into effect on October 24, 1994. Your Conference Committee also provided an additional \$7.2 million in emergency funding for the early intervention (Zero-to-Three) and Healthy Start programs.

While your Conference Committee is committed to providing essential and integrated services to Hawaii's children and adolescents, your Conference Committee notes that during the legislative session, the lack of timely submittals and clarification relating to specific details in various budget requests by the CAMHD stymied your Conference Committee's efforts to make more prudent recommendations concerning some of the Division's requests. Your Conference Committee's attempts to solicit information were frustrated on several occasions by CAMHD's failure to respond. Your Conference Committee is aware that its role as a public watchdog is to scrutinize each request, and notes that other programs within the DOH were able to provide timely responses with sufficient justification upon request.

Furthermore, your Conference Committee notes that the DOH lacks a reliable accounting, projection and expenditure tracking system. The current internal accounting system relies on a single individual, who was on maternity leave during the most critical period of this legislative session. Your Conference Committee believes that this is a critical management issue that must be addressed if the DOH's management team is truly sincere in providing clear channels of communication with members of the legislature and public with regard to the accountability of state expenditures.

Your Conference Committee is also of the firm belief that no program of this magnitude and importance should rely on a single individual for financial information. Moreover, your Conference Committee believes that this may be one of the reasons for the backlog and slow turnaround timelines for the division to respond to the unusual amount of requests for budget details and information this legislative session.

Your Conference Committee also expresses its concerns with regard to the inability of the CAMHD to clearly state what their needs are, and whether the funds and services being provided are appropriate. Your Conference Committee cites an example of the lack of fiscal management on the part of CAMHD. To illustrate, CAMHD's accepted records expenditure reports showed that the department had millions of dollars tucked away for the current fiscal year, yet the DOH indicated on March 19, 2001, that it was out of funds to serve the Felix class. Specifically, CAMHD's own expenditure reports showed that as of March 2001, only expenditures up till November of 2000 have been approved for payment. Your Conference Committee was provided with many convoluted explanations as to the reasons why CAMHD was "out of money" even though less than fifty percent of the fiscal year's invoices were received or were not verified for payment approval.

Another example involves the Trotter Building renovation project at the Leahi Hospital Campus. In September of 2000, CAMHD's management team started an unauthorized \$1 million renovation project without available funding. When your Conference Committee questioned the Department on such issues as to what the space would be used for, the responses from the division were inconsistent. More distressing was the fact that included in the cost for renovations was furniture costs whereby the shipping and installation alone for the high-end furniture amounted to over \$30,000. Your Conference Committee believes that funds appropriated for CAMHD should be directed toward providing services for Felix children, rather than new furniture at a cost of over \$400,000. The final point of this issue is that construction services have already been rendered for this building and have not been paid. This tarnishes the credibility of this State by failing to pay vendors for work performed. As experienced this session, we can expect CAMHD placing this burden on next year's legislators to find funding for this unauthorized project. This is just one example that reflects the attitude of the management team and your Committee on Conference is concerned that, given more time, more of these incidents will be uncovered.

Given the fiscal austerity currently faced by the state, your Conference Committee believes that it was inappropriate for the DOH to embark on these unauthorized renovations. Further, the division attempted to include these costs in its second draft of their emergency appropriation, until your Conference Committee brought it to light. Yet, in spite of this discovery on the misuse of taxpayer dollars, the division continues to pursue the Trotter Building project, not knowing where monies will be obtained or the number of actual staffing that will be utilizing the space at the Leahi Hospital Campus. Thirdly, your Conference Committee was informed of the lack of fiscal management with regard to the division's expenditure projection system. Expenditure projections by CAMHD were based on recent historical data less than two years old. Your Conference Committee was made aware that there is no sound basis for the projection of expenditures, except for weak assumptions. Moreover, these numbers were frequently changed without proper or clear justification.

In light of the above, your Conference Committee is concerned that the tens of millions of dollars provided for the CAMHD for mental health services for the Felix class is not always reaching the children most in need of these services. If we are sincere about addressing the Felix problem, we must understand and realize that because of the accelerated growth in the division, the level of management expertise necessary to skillfully administer resources and to communicate, design and implement efficient, effective and successful programs is the key component.

Your Conference Committee believes that its role of ensuring fiscal responsibility should not be taken lightly. The DOH's apparent failure to provide services in an efficient and effective manner has resulted in further scrutiny by the Federal Court. As evidenced by the Department's actions, your Conference Committee believes that the DOH has been forced into making reactive decisions based on pressure to comply with the court's order, as opposed to doing what it believes is fiscally prudent.

As to the executive request, your Conference Committee notes that the DOH's request to transfer "low end" mental health services to the DOE (thereby decreasing the DOH Felix population by approximately 7,000 children and transferring out \$21.5 million) did not result in a reduction in the cost associated with DOH's compliance with the consent decree. The remaining population under the DOH's jurisdiction, as submitted by CAMHD, is 3,070, of which 2,500 are considered moderate-end Felix youths and 570 are considered high-end Felix youths.

Moreover, the DOH has never provided an adequate explanation as to why the transfer of responsibility to provide "low end" services was not also accompanied by a reduction in necessary staffing. To be more specific, your Conference Committee, prior to making its final recommendations, requested CAMHD to justify its need for retaining all 180 mental health care coordinator positions within the Division. Your Conference Committee's repeated attempts to solicit a response were met first with excuses; then approximately five weeks later, with a response that had no direct relation to the questions asked. The deletion of 33.0 permanent positions and related funds was based on your Conference Committee's understanding that the Legislature's approval in 1999 of an additional 73.50 mental health care coordinator (MHCC) positions was based on CAMHD's determination that a total of 180 MHCCs were needed throughout the Family Guidance Centers. At that time, your Conference Committee sympathized with CAMHD's position and approved the entire request.

The staff to client ratios presented by CAMHD for coordinating services to the various Felix class populations are as follows: 1:15 for high-end; 1:30 for moderate-end; and 1:150 for low-end. Considering the most current data, your Conference Committee finds that the number of staff required to treat the clients requiring low intensive services who are still with the DOH is distinctly lower than claimed by the DOH, even if the Division is given the benefit of the doubt to the extent using the staff to client ratio for children requiring moderate-end services. In light of this finding, your Conference Committee's decision to reduce the total of 180 mental health care coordinators by 33 positions is more than justified. CAMHD was unable to reconcile the number of filled positions against the total number of positions for which funds were appropriated. Moreover, based on workload calculations the caseload levels of the filled Mental Health Care Coordinators are at 50 per cent capacity. In other words, these positions are only handling half of the workload standards. Absent sufficient clarity and justification from the DOH, your Conference Committee's reduction of these positions was appropriate.

With regard to the reductions made to funding levels for multisystemic therapy (MST) and for other various CAMHD requests, your Conference Committee reiterates that its intent is not to terminate or remove MST treatment services from the CAMHD service array or from the continuum of care for MST. Furthermore, your Conference Committee does not intend to eliminate other services needed by the Felix class youths. Rather, your Conference Committee reviewed the CAMHD's projected expenditures for the upcoming fiscal biennium and found that a \$104.9 million budget is being requested to serve a population of approximately 2,500 Felix class youths who require a moderate level of services, and 570 requiring high-end.

By the DOH's own admission, the premise for developing its fiscal biennium 2001-2003 budget for the CAMHD was based on a myriad of assumptions and a "start from scratch" approach to budgeting. Your Conference Committee is once again reminded that in the nearly seven years that have elapsed since the Felix Consent Decree was issued in 1994, no clear methodology for projection of expenditures has been developed by CAMHD to account for its Felix-related expenditures.

The largest projected cost items for CAMHD is Out-of-Home (Residential) services budgeted at \$53.4 million in each year of the biennium. Your Conference Committee notes that the \$53.4 million accounts for the 570 Felix class youths requiring high end services, while at the same time, MST is expected to address some 112 youths in the same population group.

Multisystemic Therapy is based on a philosophy of treating the youths and their families in their homes congruent with the Felix consent decree principle that services be delivered in the least restrictive and most normal environment in which treatment can be administered. As MST is an alternative to Out-of-Home (Residential) Placements, your Conference Committee believes that the \$53.4 million already accounted for should be used to offset the MST costs that were budgeted by CAMHD as a separate cost item.

Your Conference Committee reduced the MST funding because it believes that the foregoing is, in effect, a duplication of either services or appropriations for overlapping targeted populations that are similarly situated. Further, the attempts made by various legislative staff to solicit reasonable explanations for proposed CAMHD services went unanswered. Therefore, the information provided by the DOH at the outset of the 2001 regular legislative session, and the background information and testimony provided by the Department formed the basis of your Conference Committee's recommendations. More to the point, any reductions in the DOH's

budget requests made by your Conference Committee are based specifically upon the information provided by the DOH or the lack thereof.

Your Conference Committee acknowledges the importance of providing for early intervention services for infants and toddlers, and for the Healthy Start Program for screening, assessments, and home visitations for children environmentally at-risk. As such, your Conference Committee provided an additional \$31.9 million to support these programs and services.

Your Conference Committee carefully scrutinized each request, and provides as accurate a budget as was possible to provide for the needs of the Felix class.

Consent Decree: Education

Your Conference Committee was distressed at the emergency appropriation request submitted to the Legislature by the DOE for the current fiscal year. Your Conference Committee believes this deficit reflects an evident need for increased fiscal responsibility on the part of the DOE in determining the appropriate level of funding required to service Felix class children. Despite its concerns, your Conference Committee approved the DOE's emergency appropriation request of \$33 million to address the shortfall incurred this current fiscal year. Your Conference Committee was surprised, however, to learn that soon after this emergency appropriation measure was passed, the DOE decreased its request for funding to \$27.9 million, resulting in an over budgeted difference of \$5.1 million due to delays in hiring. Your Conference Committee feels that although the DOE has helped to reduce its expenditures by revising previous figures, fiscal responsibility dictates that revisions such as this one should be made prior to requests for emergency funding.

Your Conference Committee finds that although the DOE has demonstrated its propensity to over-budget in its efforts to comply with the Felix Consent Decree, providing all children with the services required to prosper as students and individuals remains your Conference Committee's top priority. The Felix Consent Decree has become a major cost driver demanding further commitment of resources to the DOE during this fiscal biennium. To this end, your Conference Committee fully funded the Governor's request by providing \$86 million and 90 new positions over the biennium for Comprehensive School Support Services to meet this task.

The \$86 million provided over the biennium will go toward complying with the Felix Consent Decree. Specifically, your Conference Committee is providing funds to recruit, train, and retain needed professionals, establish year-round support services, address compliance issues in rural areas, and implement the long overdue integrated special education database system.

In order to initiate the DOE's school-based mental health services efforts, your Conference Committee is approving the transfer of the responsibility for approximately 7,000 "low-end" Felix children and \$21.5 million to the DOE from the DOH.

Technology

Your Conference Committee understands that developing an industry demands support for both marketing and promotion. Money is needed to support business attraction efforts such as marketing Hawaii as an attractive and viable place to do business, publicizing high tech successes, marketing projects and services for export, and marketing new programs. As such, your Conference Committee provided \$400,000 over the biennium for the marketing of Hawaii's high technology initiatives.

In addition to marketing funds for high technology development, your Conference Committee also provided \$3 million over the biennium for start-up capital to assist the High Technology Development Corporation incubator tenants at the Manoa Innovation Center and the Maui Research and Technology Center to continue their high-tech endeavors.

Agriculture

Your Conference Committee understands the importance of promoting new high technology initiatives and has appropriated \$40,000 to allow the Department of Agriculture to provide training to staff members and enable certified importers to bring various microorganisms into the State for research and development purposes. Your Conference Committee sought ways to provide support for programs within a budget driven by increases in fixed cost items. As such, these importers will cover the cost of ensuring the safety of Hawaii's environment and their compliance with established rules by providing beneficial services and revenue to the State without incurring additional taxpayer support.

Your Conference Committee recognizes the importance of ensuring that Hawaii's farmers use pesticides appropriately. Therefore, your Conference Committee has appropriated an additional \$400,000 to address the expansion of the pesticides program for research and education, and continuing registration compliance by Hawaii's pesticide distributors and to preserve and protect Hawaii's groundwater supplies.

Transportation

Providing well-kept thoroughfares for commerce is an important aspect of transportation. To this end, your Conference Committee has appropriated an additional \$10 million in each year of the biennium for repair and maintenance on our state highways. This will allow the Department of Transportation to convert from the current 13-year repair schedule to a 10-year schedule, keeping our roads safe. In addition, your Conference Committee has also appropriated an additional \$1.7 million for two bridge inspection units for the islands of Hawaii and Maui. Each of these islands has over 100 bridges that need to be inspected in a thorough, timely, and safe manner.

Land and Natural Resources

For the benefit of present and future generations, the State has the responsibility of conserving and protecting Hawaii's natural beauty and all its natural resources. For the reason that all natural resources are held in trust by the State for the benefit of the people, your Conference Committee provides the funding necessary to ensure that these resources are conserved and protected.

Your Conference Committee provides \$300,000 for the restoration and protection of Hawaii's beaches. To ease the burden on the State's general fund, funding for the restoration and protection of Hawaii's beaches will come from the Beach Restoration Special Fund, in which proceeds from the leasing of public lands for existing seawalls, fines for unauthorized shoreline structures, and fees for the processing of applications for coastal projects are deposited.

To ensure that public lands that are harvested for timber are reforested, your Conference Committee provides \$300,000. Funding for the reforestation of harvested areas will come from revenue derived from the sale of tree seedlings and harvests of plantation and naturalized non-native forest resources to ensure that persons who harvest timber on public lands bear the financial burden of reforestation. Funds will also be used for the management of public forest reserves, environmental education, and training for the public.

Your Conference Committee provides \$480,000 for the protection and conservation of Hawaii's streams and its native aquatic organisms. These funds will allow for a quantitative assessment of potential impacts on stream conditions due to changes in stream flow, as it affects the restoration and reestablishment of native aquatic species. This assessment will generate standards and procedures to enhance the streams' biological community.

To protect important watersheds, preserve native ecosystems, and produce renewable forest resources, your Conference Committee provides an additional \$600,000, bringing total funding for the Natural Area Partnership Program and the Watershed Management Program to \$3.6 million over the biennium. The Natural Area Partnership Program provides state funds for the management of private lands that are dedicated to conservation. The Watershed Management Program works to protect and improve the condition of forests that benefit Hawaii's water supply.

Your Conference Committee provides \$870,000 for the detection and eradication of invasive species. Funds will be used by Invasive Species Committees to prevent new invasive species from becoming established and to stop established invasive species from spreading. A rapid response program will also be established to eradicate newly established pests to prevent incalculable future damage and economic costs from these species.

To prepare and implement habitat conservation plans and safe harbor agreements under the Federal Endangered Species Act and the state endangered species law, your Conference Committee provides \$800,000. Funds will be used to identify steps to minimize and mitigate negative impacts to threatened and endangered species and to protect, maintain, and enhance ecosystems to increase the population of Hawaii's threatened and endangered species.

Health

The appropriations authorized by your Conference Committee in the area of health will ensure the quality of health care protection of the physical and psychological well being of the people of Hawaii.

Your Conference Committee appropriated an additional \$23.4 million to assist developmentally disabled persons who need lifelong care to function in our community and an additional \$22.6 million was appropriated for the care and treatment of seriously mentally ill persons. The funds appropriated for the biennium for the Developmental Disabilities Division and the Adult Mental Health Division reflect the State's priority in facilitating change and improving needed services for our mentally challenged population.

Makin Settlement Agreement and Developmentally Disabled Persons

Persons with developmental disabilities or mental retardation (DD/MR) present a unique challenge to the DOH's Developmental Disabilities Division as they strive to implement person-centered plans for treatment and care. This planning requires a great deal of time and patience as case managers must develop a viable plan for each individual to create opportunities for each person with DD/MR to live a productive life in the community. In addition, the Olmstead court decision that requires infrastructure supports for DD/MR individuals living in long-term care facilities and the community places additional strain on the resources of the Developmental Disabilities Division. Your Conference Committee has therefore provided essential funding over the biennium to the Developmental Disabilities Division that will ensure compliance and accountability in meeting these guidelines as well as the Makin settlement agreement timelines.

Department of Justice Settlement Agreement and the Adult Mental Health Division

Your Conference Committee is supportive of the plight of seriously mentally ill persons and, therefore, provided the requested funds to improve the system of care for patients being discharged or diverted from the Hawaii State Hospital. Your Conference Committee, however, is concerned with the lack of progress being made on the mandate to improve conditions at the state (mental) hospital, even though the hospital was granted an extra year to make these improvements. Incidents of abuse and neglect continue, and the hospital still faces staffing problems. Furthermore, the plan to move patients to less-restrictive community settings has not been consistently successful.

Elderly

Your Conference Committee is also sensitive to the needs of our aging population, and appropriated an additional \$1.96 million for the expansion of the Kupuna Care program and to establish elder abuse response services. These funds will provide special assistance to victims of abuse and neglect. Moreover, your Conference Committee approved full funding for a study of state-sponsored long-term care for Hawaii's rapidly aging population.

Substance Abuse

To support the Governor's initiative to develop a criminal justice continuum that provides substance abuse services to prevent incarceration as well as reduce the recidivism rate of ex-offenders, your Conference Committee appropriated \$4.4 million to meet this challenge.

Hawaii Health Systems Corporation

Your Conference Committee also provided for the health needs of persons living in rural communities by appropriating a total of \$18 million in general funds to the Hawaii Health Systems Corporation (HHSC) in the biennium to offset projected operating losses.

Rural Health Care

Your Conference Committee understands the necessity of the safety net provided by rural health care services and thus provided \$2.5 million to support community health care facilities in Hana, Waianae, Kahuku, and on Molokai.

Lastly, your Conference Committee appropriated funds for the Emergency Medical Services program to establish a rapid response unit to serve the greater Honolulu area; to continue the Volcano ambulance services on the Big Island; and to provide additional ambulance services in Kula on the island of Maui.

More notably, the funds provided for the next two years in the area of health will ensure the quality of care and improve the scope of services to meet the public health needs of the State.

Human Services

The Department of Human Service strives to provide high-quality services and assistance to people in need. The Department, however, must do this under the budgetary pressures placed upon all state agencies. In this light, your Conference Committee is providing additional funding for many initiatives, such as: providing for special needs children under the care of child welfare services, managing the costs of long-term and acute care, and providing for rising prescription drug costs.

Providing for children with special needs is an overriding concern for your Conference Committee. To address this trepidation, your Conference Committee has appropriated an additional \$1 million for each fiscal year for additional services for abused and neglected children. In addition, your Conference Committee has provided funds for eight multi-agency case coordinators and twenty-one additional case support aides. These positions will assist the Department of Human Services in its efforts to coordinate services for Felix class children between the Department of Human Services, DOH, and the DOE. These additional positions are needed to ensure that Felix class foster children receive appropriate care, and that the State is not creating inefficiencies in its service.

Of particular interest to your Conference Committee is the placement of special needs children in foster or adoptive care. To this end, your Conference Committee has appropriated an additional \$8.3 million in fiscal year 2001-2002 and an additional \$10.4 million in fiscal year 2002-2003 across all means of financing for adoption assistance and difficulty of care payments. These payments are designated for children who are removed from their family home due to harm or threatened harm from family members.

Long-term care is an expensive option and the Department of Human Services' Adult and Community Care Services Branch seeks alternative methods of treatment, which are more cost-effective than institutional care. The Nursing Home Without Walls (NHWW) program was established in 1983 to provide in-home services as an alternative to institutional care for Medicaid-eligible individuals. The Residential Alternative Community Care Program (RACCP) provides residential placements in foster homes, expanded care in Adult Residential Care Homes, and assisted-living facilities as alternatives to institutional care for Medicaid-eligible adults who require nursing-facility level care but who are not able to benefit from in-home services due to an absence of caregivers or residence.

Your Conference Committee notes that the waiting lists for admission to these programs are rather lengthy. In addition, admission into the Residential Alternative Community Care Program has been closed due to lack of funding in the current fiscal year. Your Conference Committee has appropriated an additional \$2.2 million in each fiscal year in general fund expenditures to aid the Nursing Home Without Walls program and the Residential Alternative Care Community Program. Across all means of financing, the Adult and Community Care Services Branch will be able to expend over \$162.9 million for home and community-based services for the fiscal biennium. Additional funds for Medicaid waiver programs will allow the Department to decrease the number of individuals on waitlists for these cost-effective and proactive programs.

The rising cost of prescription drugs is a grave concern facing your Conference Committee. Growth in spending for prescription drugs has far outpaced growth in spending for other types of health care in recent years. This problem arises not only in Hawaii, but across the entire country. Between 1990 and 2000, annual spending on prescription drugs across the country grew at nearly double the rate of total national health expenditures and has maintained a double-digit growth rate since the mid-1990s. Increasing prescription drug costs may be attributed to new drug therapies that provide better treatment or have fewer side effects than older alternatives, but tend to be more expensive than older drug therapies.

Generic alternatives for many current drugs are still years away, and the biomedical industry continually produces better drugs, constantly pushing drug costs upward. In addition, as a testament to the effectiveness of these new drug therapies, people are living longer and healthier lives, thereby increasing the population of those needing and using these new therapies, thus generating ever-larger expenses. To deny or restrict access to new drug therapies runs counter to the core purposes of the medical assistance programs of the State.

Your Conference Committee has addressed the rising costs of prescription drugs by appropriating an additional \$12.3 million in general fund expenditures in fiscal year 2001-2002 and an additional \$21.8 million in general fund expenditures in fiscal year 2002-2003. In total, \$192.3 million is budgeted over this coming fiscal biennium for prescription drug costs for Medicaid fee-for-service recipients, which serves the aged, blind, and disabled population. Your Conference Committee notes that access to prescription drugs prevents the further progression of illnesses, reduces emergency medical costs, and reduces costly long-term care services.

While your Conference Committee recognizes that helping those in need is a humanitarian ideal that we should strive for, it also recognizes the budget constraints that have been placed upon the State. To this end, your Conference Committee and the Department of Human Services have looked for additional federal funding to supplement the State's general fund resources. Therefore, while your Conference Committee has appropriated an additional \$45.5 million in general fund expenditures for the fiscal biennium, it

emphasizes that the appropriation of these state moneys will allow the Department of Human Services to receive an additional \$242.3 million in federal funds.

Housing

In furthering the goals of the Hawaii State Planning Act to assist needy individuals to attain an adequate standard of living, your Conference Committee provides for the housing needs of Hawaii's people through the following biennium appropriations:

- \$2.5 million for the maintenance of existing homeless shelters, the establishment of new shelters, and for programs that help to prevent homelessness;
- \$37.8 million for project-based rental housing subsidies;
- \$2.4 million for the Public Housing Drug Elimination Program;
- \$482,000 for the Economic Development and Self-Sufficiency Program;
- \$14.1 million for the Welfare-to-Work program; and
- \$1.6 million for the Section 8 Mainstream Program.

Defense

When the National Cemetery of the Pacific was closed, the State received the duty from the federal government to provide for the burial needs of veterans and established the Hawaii State Veterans Cemetery. From the Cemetery's inception, the Department of Defense has struggled to meet its responsibilities in providing for the proper condolences and honor due to recently deceased veterans. Due to funding constraints, the department has struggled to maintain and beautify the grounds of the Hawaii State Veterans Cemetery. Therefore, your Conference Committee acknowledges the debt owed to these veterans and has appropriated \$117,000 to provide additional equipment to honor, maintain, and beautify this sacred place.

Your Conference Committee also acknowledges the responsibility it has to protect the citizens of Hawaii from disasters, both natural and man-made. Therefore, your Conference Committee has appropriated \$220,000 to match \$802,000 in federal funds to improve the facilities at Kalaeloa, which was recently acquired by the Hawaii Army National Guard as its new base of operations. The funds will enable the National Guard to protect and assist the public in times of crisis. Additionally, your Conference Committee has appropriated nearly \$300,000 to upgrade and staff the State Civil Defense Network. Funding will provide positions, as well as communication equipment, vital to the rapid response of Civil Defense in its role of ameliorating natural and man-made disasters.

Lower Education

Your Conference Committee finds that aiding the Department of Education in its efforts toward providing quality education is a top priority of the State, a responsibility that can only be met through appropriate financing of our public education system. In spite of fiscal austerity imposed throughout other areas of the State budget, your Conference Committee has chosen to increase the DOE's appropriations by \$185.9 million and \$235.3 million in FY 2002 and FY 2003 respectively. All told, the educational professionals of our state have a total budget of \$3 billion for the fiscal biennium with which to teach and empower the next generation of Hawaii's people.

The education budget presented herein is designed to address the evolving state of education in Hawaii, in which decreasing enrollment, implementation of the long-awaited Hawai'i Content and Performance Standards II, towering Felix Consent Decree costs, shortages in school administrators, and the continued need for quality facilities and administrative support all play a role. Rather than "reinventing the wheel" to meet the constant changes of our education system, your Conference Committee has chosen to abide by the budget priorities of the Board of Education, with additional input from the DOE, teachers, constituents, and the students themselves.

Your Conference Committee is confident, that within the State's fiscal limitations, this budget presented herein is conscientious in providing for our children, the future of Hawaii nei.

In this regard, your Committee is providing 201 additional teachers to account for mainstreaming of special education students, additional vice-principals and principals for new schools, business support assistants to provide administrative support, and 200 clerks to address the Board of Education number one priority. Additionally, your Conference Committee is providing \$4.5 million for new textbooks for existing schools, and \$656,000 in funding for equipment and textbooks for new special education pre-school facilities, \$11.4 million for increased utilities costs, \$998,000 for security attendants, and \$800,000 for criminal history record checks of prospective school employees to provide for safer schools.

In order to assist the department in addressing the anticipated shortfall of educational officers, \$3 million is appropriated over the biennium for the Hawaii Leadership Academy to train the next generation of educational leaders.

Your Conference Committee believes that achieving gender equity also is an important goal that must be reached. To this end, your Committee is providing \$800,000 to move closer to equity in funding and opportunities for female athletes. The funding provides for coaches' compensation, equipment and supplies, and transportation at all high schools for girls' junior varsity soccer and softball, and varsity water polo.

Your Conference Committee also believes that enabling all students to become literate, productive citizens is an important endeavor. To support this, your Committee is providing for full implementation of Hawaii Content and Performance Standards in the form of \$4.8 million over the next biennium.

A quality educational environment continues to be a priority of the DOE and your Committee. Each public school currently receives \$4,000 to be used at its discretion to conduct school-level minor repairs and maintenance. Your Conference Committee understands the importance of providing this flexibility for schools and is increasing the available amount for school-level repairs and maintenance funding to \$7,000 per school. Your Conference Committee also is providing \$1.4 million for additional custodians, kitchen staff, and equipment to enhance the current environment, and \$3.3 million for electricity due to rising costs, increased usage, and the opening of new schools.

Your Conference Committee continues to be concerned with the efficiency of the department's administration and is providing \$6.8 million for a new human resource system and a new student information system to support increased efficiency.

Your Conference Committee continues to support the education system with the full understanding that Hawaii's future rests in the hands of our children. Even during lean times, education must continue to be a top priority.

Higher Education

With the recently conferred constitutional autonomy for the University, the Legislature and the University must continue to work mutually in defining each of its roles for the successful implementation of self-governance for the University and, most importantly, its students. In this new realm of an autonomous University system, your Conference Committee acknowledges the responsibility of supporting the University with a lump-sum of appropriation of \$6 million in general funds for fiscal year 2001-2002. It is the intent of your Conference Committee's lump-sum appropriation that the University have a degree of flexibility in expending funds to address the needs of the students and faculty.

Your Conference Committee recognizes the University's efforts of moving toward self-sufficiency by means of requests for non-general fund ceiling increases. As a result, your Conference Committee approved the expenditure of \$9.8 million for the University's non-general funds to address various repairs and maintenance issues such as student and faculty housing renovations and road repairs.

During the early 1990s, the Pearl Harbor Naval Shipyard ceased to hire new employees due to cutbacks. Currently, Pearl Harbor is expanding with a dramatic increase in ship and submarine repairs that is creating a demand for a highly trained, high technology workforce. With approximately two-thirds of its workforce retiring by 2004, Pearl Harbor is seeking to hire 100 to 200 new apprentices each year. The apprenticeship program at Pearl Harbor and Honolulu Community College has negotiated to establish a satellite campus at the shipyard to train and provide classes for these apprentices. Your Conference Committee appropriated \$145,000 in fiscal year 2002-2003 to provide resources to Honolulu Community College for instructors at the Pearl Harbor satellite campus. Additionally, Pearl Harbor will provide the facilities and resources needed for this program.

Your Conference Committee is hopeful that in the future the University and the Board of Regents will advise the Legislature of proposed tuition increases. With the cost of living increasing, the Legislature is committed to balancing the fees associated with a quality higher education and the continued access for all those who seek it.

Your Conference Committee is steadfast in providing for educational excellence and services on behalf of the students of our University.

Public Safety

While it is true that state revenues have increased slightly, the demands on these increases from "must fund" items and collective bargaining increases challenge the Legislature as a whole on the best ways to allocate these meager resources. A concern expressed by some members of the public is that funds allocated to the Department of Public Safety would be better spent on social or educational purposes. Unfortunately, prison expenses are "must fund" items, which the Legislature cannot avoid. Since most inmates will not remain incarcerated indefinitely, steps must be taken to address the safety of the public upon an inmate's eventual release from incarceration. Your Conference Committee understands the concerns raised by the public when the Legislature provides funding for inmate programs. However, your Conference Committee believes that the public interest is better served by attempting to address the core of the problems of mental health and substance abuse than just punishing the criminal behavior of substance abusers.

It is the responsibility of the Legislature and the State to care for certain needs of inmates as they are considered wards of the State. Many inmates have or develop mental health problems while incarcerated. If these problems are not addressed medically, the chances for rehabilitation are reduced. Therefore, your Conference Committee has appropriated funds for two psychiatric social workers and \$141,000 to provide support to both the Kulani and Waiawa Correctional Facilities.

Likewise, many pre-trial detainees and inmates have serious substance abuse problems. Substance abusers who stay in prison resemble a "revolving door" process due to lack of treatment options available to handle their addictions. Cost analysis shows that it is generally more cost-effective to treat non-violent drug offenders through substance abuse programs that target the root of the inmate's behavioral problems rather than locking them up in penal facilities. Therefore, your Conference Committee has appropriated funds for two substance abuse counselors and \$152,000 to assess and refer inmates to a variety of substance abuse treatment programs. Additionally, your Conference Committee has appropriated \$1.28 million to provide funding for these various substance abuse programs.

The State of Hawaii and the public at large have struggled over the question of whether to construct a prison in Hawaii. While that debate rages on without resolution, the Department of Public Safety needs to address the issue of prison overcrowding. Often, concerns about inmate rights are a delicate topic with the public. While the public holds many ideas concerning what the living conditions of inmates should be, it is important to understand that the American Correctional Association has established legal minimum standards for an inmate's living conditions while incarcerated. At a certain point, inmates' living conditions cease to be matters of policy choice, and become a matter of law. Overcrowding is one of the most common problems cited and addressed by the courts and is once again a problem for the State of Hawaii. As a temporary fix, the State has resorted to sending approximately 1,200 inmates to prisons on the U.S. Mainland. The Department of Public Safety has completed negotiations for a new contract to house

these prisoners in mainland facilities. Until a new prison is constructed, your Conference Committee supports and provides for the new contract by appropriating an additional \$9.9 million to cover its cost.

Likewise, your Conference Committee finds that until more convicted inmates can be relocated locally, the Intake Service Centers will continue to lack space to handle the growth of pre-trial detainees. Therefore, your Conference Committee has appropriated \$5.7 million to cover the cost for the State to rent bed space in the new Federal Detention Center due to open in October 2001.

Commerce and Consumer Affairs

Computers are essential in today's business and high technology workforce. It is imperative that the State of Hawaii ensures that the technology and infrastructure is in place to allow government facilities, especially schools and libraries, to access the vast resources of the Internet. To this end, the State established the Institutional Network (INET) to create and improve the State's telecommunications infrastructure. INET is funded by Hawaii's cable television operators as part of their franchise obligations to the citizens of Hawaii. Therefore, your Conference Committee has appropriated an additional \$1 million to continue upgrades to INET to ensure that state facilities, especially libraries, have better access to the resources of the Internet.

Since 1986, the State of Hawaii has been an active participant in the promotion of captive insurance coverage. Since the mid-1990s, there has been an exponential growth in the number of companies applying for and maintaining captive insurance licensing in the State of Hawaii. Currently, Hawaii has over 90 licenses issued, the most in the United States after Vermont. Due to the requirements that each company holding a captive insurance license conduct at least one board meeting locally, these companies have also helped to stimulate Hawaii's tourist industry. Up to fifteen new licenses have been issued during calendar year 2000. Therefore, your Conference Committee has appropriated funds for two captive insurance examiners and \$182,000 for the Insurance Division to meet its responsibilities.

Your Conference Committee finds that an excessive amount exists within the Commissioner's Education Trust Fund and has appropriated \$1 million to be returned to the beneficiaries that have paid fees into the fund. Additionally, your Conference Committee has appropriated an additional \$129,000 to provide for staff training to ensure that members of the Insurance Division are able to meet the changing nature of the insurance industry and will provide the most current information to educate and protect the citizens of Hawaii.

Attorney General

Your Conference Committee recognizes that for Hawaii to continue to grow and embrace the high technology sector, the citizens of Hawaii must be knowledgeable of the use of computers. Acquisition of this knowledge must begin from a young age, but access to computers also has a price. Children are often harassed or abused while many elderly citizens are defrauded through the Internet. In the commercial sector, 273 respondents to the "2000 Computer Crime and Security Survey" stated that their losses due to fraud and computer hacking exceeded \$265 million. Therefore, your Conference Committee has appropriated \$210,000 to match \$1,052,000 in federal grants to establish an Internet Crimes Against Children Task Force and a Hawaii High Technology Crime Unit to develop methods and resources to deal with the rise in white-collar computer crimes.

Addressing the needs of single custodial parents, your Conference Committee finds that there are over 101,000 cases handled by the state Child Support Enforcement Agency. To handle the large volume of cases and meet federal requirements, the State developed the KEIKI computer system with private contractors. The KEIKI computer system has been operational for almost three years and it is time for the State to shed private contractor support and assume full responsibility for the improvement and maintenance of the KEIKI computer system. Therefore, your Conference Committee has appropriated funds for five additional data processing analysts and \$538,000. Your Conference Committee has also appropriated \$147,000 to conduct a study on the most efficient ways to enhance the KEIKI computer system, making it more responsive and accurate and at the same time improving and streamlining the Child Support Enforcement Agency's organizational structure to address the best way that the Agency can balance its customer service requirements while performing its primary responsibility of ensuring that payments are made to custodial parents.

Capital Improvements Program

Upon review of the capital improvement program budget proposed by the Executive Branch, your Conference Committee believes that a more responsible approach must be taken. Consequently, your Conference Committee has reduced the Executive's proposed \$1 billion capital improvement program budget to approximately \$500 million in general obligation bond funded projects over the biennium.

Although your Conference Committee proposes lower expenditures on capital improvement projects, it has placed high priority on those projects that invest in the State's basic infrastructure. Your Conference Committee believes that improvements to the State's public schools, higher education facilities, public housing, state hospitals, and state parks are needed and has sought to fund these improvements to the extent possible.

Lower Education

The State of Hawaii is responsible for a school system serving over 180,000 students and is tasked with the mission of making quality education available to all of Hawaii's children. Your Conference Committee believes strongly that given the proper environment, all students can, and will, learn.

Your Conference Committee recognizes that facilities provide the centerpiece around which all educational activities exist. As such, \$143 million is provided for the statewide repair, upgrade, and improvement of public school facilities to make aggressive improvements to the State's school system and enhance the environment in which Hawaii's children will learn.

In addition, your Conference Committee provides \$17 million for Mililani Mauka II Elementary School in anticipation of future development in the area, and an additional \$18 million to continue construction at Kapolei High School.

Higher Education

In keeping with the vision of a world-class university that provides all qualified people in Hawaii the opportunity for quality higher education and training, your Conference Committee is providing the funding necessary to ensure that the University of Hawaii facilitates its mission to provide quality instruction, research, and community service programs.

Your Conference Committee finds the University of Hawaii is in critical need of improvements to its basic infrastructure. Therefore, your Conference Committee finds it appropriate to invest approximately \$60 million statewide for the repair, upgrade, and improvement of facilities and infrastructure to enhance higher education in the State of Hawaii.

Your Conference Committee believes a modern medical school and research facility can play a key role in diversifying Hawaii's economy and serve as an economic development tool. As such, your Conference Committee is providing \$13 million to design the new School of Medicine and Biomedical Research facility.

Hawaii's physical location gives it a unique advantage in the advancement of astronomical education. In acknowledgement of this, your Conference Committee is authorizing the University of Hawaii to construct the Mauna Kea Astronomy Education Center with approximately \$20 million in federal funds. The Center will serve as the principal astronomy educational facility in Hawaii and will be a substantial resource for astronomy programs around the world.

Public Housing

Your Conference Committee notes the importance of ensuring the availability of adequate housing for low-income families. In response to the increasingly inadequate conditions of Kuhio Park Terrace, your Conference Committee is providing \$10 million for the Kuhio Park Terrace revitalization to improve housing conditions and provide tenants with community supportive services to help them attain economic self-sufficiency.

State Community Hospitals

Hawaii's state community hospitals are tasked with improving the welfare of all the people of Hawaii, and especially those in rural areas. State community hospital facilities are located throughout the State to provide comprehensive health care services to those in need.

Your Conference Committee believes the state community hospital system plays a vital role in bettering public health, and thus is providing \$12.5 million statewide for health and safety projects for state community hospitals. Funding will allow state community hospitals to meet current building code requirements, and continue their mission of providing quality health care in rural areas.

Recreation

Hawaii's state parks are a resource for residents and tourists alike, offering educational opportunities, as well as a diversity of exotic coastal and inland experiences. Your Conference Committee believes the time has come to reinvest in Hawaii's state park system.

To this end, your Conference Committee is providing \$8 million for improvements to state parks to enhance park users' experience of Hawaii's special environment, and allow them to learn more about its unique history. Hawaii's state parks not only directly benefit the people of Hawaii through their use, but also serve as an economic development tool by providing a natural attraction for visitors to our islands.

Concluding Remarks

With ever-increasing budget requirements, your Conference Committee carefully scrutinized the executive budget for fiscal biennium 2001-2003. Your Conference Committee maintained the current level of funding for needed services by focusing its efforts on preserving resources that provide direct services to the people. Your Conference Committee has emphasized making government leaner and more efficient. Through collaborative efforts on the part of your House and Senate members, your Conference Committee submits this balanced budget.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 200, 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. 200, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Cabrerros, Espero, Kawakami, Magaoay, Nakasone, Saiki, Suzuki, Yonamine, Davis, Djou, Leong and Moses.

Managers on the part of the House.

Senators Taniguchi, Hanabusa, Buen, Chun, Chun Oakland, English, Ige, Inouye, Kawamoto, Kim, Sakamoto, Tam, Hemmings and Slom.

Managers on the part of the Senate.

(Senators Ige and Sakamoto were excused.)

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of and capital improvements for the Judiciary for fiscal biennium 2001-2003.

Your Committee on Conference has carefully reviewed and analyzed the funding adjustments requested by the Judiciary and has amended the Judiciary budget accordingly.

Your Committee on Conference has increased the Judiciary budget by \$6,952,711 in general funds for fiscal year 2001-2002, and by an additional \$161,068 for fiscal year 2002-2003. Most of this general fund increase is attributable to collective bargaining costs, previously authorized by Act 60, Session Laws of Hawaii 1999, at the level of \$5,093,874. The growth for programs and services is \$1,858,837 for fiscal year 2001-2002 and an additional \$161,068 in fiscal year 2002-2003.

Your Committee on Conference concentrated on four major areas for enhancement: expanding Drug Court; creating an alternative to incarceration; enhancing security for the rural courts; and improving court operations systemwide.

Drug Court is an innovative and successful program whose objective is to curtail the "revolving-door" effect of repeat drug offenders. Using the "carrot and stick" method, the Court provides nonviolent drug offenders the option of extensive substance abuse treatment programs or incarceration. Your Committee on Conference has appropriated \$1,541,310 for fiscal year 2001-2002 and \$1,930,706 for fiscal year 2002-2003 for this initiative. These appropriations will allow the Judiciary to expand the Drug Court Program to every Circuit. Your Committee on Conference believes the Drug Court will provide major savings in the future by breaking the cycle of substance abuse and criminal behavior thus reducing overcrowding in the state prison system and increasing the welfare and safety of the public.

Probation is a useful tool in providing an alternative to incarceration. Currently 1,200 inmates are being housed out of state and overcrowding in our prison system is a serious problem that must be addressed. The prison system has exceeded maximum capacity and threats of another Consent Decree are looming. Your Committee on Conference has provided for a major increase to the Judiciary's probation staff with an additional eight positions and \$697,774 for fiscal year 2001-2002 and \$703,723 for fiscal year 2002-2003. Your Committee on Conference has also appropriated an additional \$202,390 for fiscal year 2001-2002 and \$173,540 for fiscal year 2002-2003 for Family Court probation staff in Hilo and Kona.

The safety of the public and courtroom personnel is a top priority for your Committee on Conference. With this in mind, your Committee on Conference has provided \$172,615 for fiscal year 2001-2002 and \$77,766 for fiscal year 2002-2003 for additional security contracts and equipment for the Ewa, Wahiawa, Waianae, and new Kaneohe Courts.

To improve the District Court operations, your Committee on Conference has provided \$1,123,460 to improve the operations of the Judiciary over the fiscal biennium by appropriating:

- (1) \$48,000 for the Interstate Compact for Supervision of Adult Offenders;
- (2) \$72,000 for equipment to help the hearing impaired and replacement phones for the Kona Court;
- (3) \$296,658 for improved information technology and telecommunications systems;
- (4) \$315,102 for operating expenses for the new Kaneohe District Court;
- (5) 105,060 for risk management;
- (6) One (1) temporary clerk typist II and \$38,640 for the Office of the Public Guardian;
- (7) One (1) temporary researcher analyst and \$98,000 for the Office of Alternative Dispute Resolution; and
- (8) \$150,000 additional funds for the guardians ad litem.

Your Committee on Conference finds that many people are confused about the legal system and have difficulty maneuvering through the Judiciary's courts. To help alleviate this situation, your Committee on Conference has appropriated an additional \$211,980 in general fund expenditures over the biennium for the Ho'okele Court Navigation Project, to aid court visitors in the District and Circuit Courts of Honolulu. Your Committee on Conference finds these Court Concierge stations will provide excellent service in aiding the public to negotiate the Hawaii legal system.

The Hawaii State Law Library provides a legal repository for the courts, attorneys, and the public. As such, it is necessary for the Law Library to maintain a large collection of subscriptions to various legal treatises and continuances from across the country. In recent years, the costs of these dues and subscriptions have far outpaced the rate of inflation and the Law Library now finds itself in need of additional funding to maintain their current level of service. To aid the Library, your Committee on Conference has appropriated an additional \$168,261 for the Hawaii State Law Library. However, your Committee on Conference also believes that the Law Library should be able to sustain itself with a minimal level of general fund appropriations. Your Committee on Conference feels that this increased level of general fund expenditure for fiscal year 2001-2002 will provide the Law Library with sufficient time to find new opportunities to achieve a level of self-sufficiency.

In addition, your Committee on Conference has converted the Administrative Driver's License Revocation Office from a pilot project to a permanent office.

In the area of capital improvements, your Committee on Conference has appropriated \$23,027,000 over the fiscal biennium for the construction of new facilities and renovations to existing ones. Of this amount, your Committee on Conference has provided \$15,425,000 for the development of new facilities on Kauai and Hawaii.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1000, 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. 1000, H.D. 1, S.D. 2, C.D. 1.

Representatives Takamine, Cabrerros, Espero, Hamakawa, Kawakami, Magaoay, Nakasone, Saiki, Suzuki, Yonamine, Davis, Djou, Leong, Moses and Rath.

Managers on the part of the House.

(Representatives Davis and Rath were excused.)

Senators Taniguchi, Kanno, Hanabusa, Buen, Chun, Chun Oakland, English, Ige, Inouye, Kawamoto, Kim, Sakamoto, Tam, Hemmings and Slom.

Managers on the part of the Senate.

(Senators Chun, English and Sakamoto were excused.)

Conf. Com. Rep. 153 on H.B. No. 1100

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of the Office of Hawaiian Affairs (OHA) for the 2001-2003 fiscal biennium.

Your Committee on Conference recognizes the role and responsibilities of the Office of Hawaiian Affairs in providing programs and services for its beneficiaries and appreciates the efforts of OHA's Board of Trustees in submitting a biennium budget proposal that is cognizant of the State's limited general fund resources.

OHA has recently undergone extensive reorganization, collapsing eleven program systems into four. OHA has operated under this reorganization since November 2000. Your Committee on Conference understands that although this transition may have disrupted OHA's operations at the time, it would be counterproductive for OHA to return to operation under its previous program structure. Your Committee on Conference has therefore restructured OHA's programs in its budget to more accurately reflect OHA's current structure and operations.

Your Committee on Conference also recognizes that OHA can better serve Hawaiians by collecting information on the Hawaiian population. This biennium, OHA submitted only one request for additional general fund participation for a new database for native Hawaiians. To better collect and analyze demographic information relating to Hawaiians, your Committee on Conference has provided \$100,000 for fiscal year 2001-2002 and \$13,000 for fiscal year 2002-2003 to compile statistics of the physical, mental, social, and economic needs of native Hawaiians. With the implementation of this database, OHA can continue to fulfill its responsibility to function as a clearinghouse of information directly to Hawaiians as well as to government agencies and other organizations who work for the betterment of Hawaiians.

Your Committee on Conference also has serious concerns with regard to OHA's budgeting of trust fund revenues. The current appropriation ceiling of \$3,981,312 does not accurately reflect the true spending plan of the Trustees. The financial statements for the period of July 1, 1999, to June 30, 2000, as found in the 2000 annual report, indicate that OHA expended \$14,500,000 in trust funds. As such, your Committee on Conference has added a proviso to this bill seeking a full accounting of actual and planned expenditures from the trust fund.

Your Committee on Conference is appropriating \$2,619,663 in general funds and \$4,446,029 in trust fund expenditures to OHA for fiscal year 2001-2002 and \$2,532,663 in general funds and \$4,029,866 in trust fund expenditures for fiscal year 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1100, 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. 1100, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Cabrerros, Espero, Hamakawa, Kawakami, Magaoay, Nakasone, Saiki, Suzuki, Yonamine, Davis, Djou, Leong, Moses and Rath.

Managers on the part of the House.

(Representatives Magaoay, Suzuki and Rath were excused.)

Senators Taniguchi, Hanabusa, Buen, Chun, Chun Oakland, English, Ige, Inouye, Kawamoto, Kim, Sakamoto, Tam, Hemmings and Slom.

Managers on the part of the Senate.

(Senators Ige, Kim, Sakamoto and Tam were excused.)

Conf. Com. Rep. 154 on H.B. No. 1400

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

Article VII, section 13, of the State Constitution, requires the Legislature to include a declaration of findings in every general law that the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee on Conference has amended this bill by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance; and

- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1400, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1400, S.D. 1, C.D. 1.

Representatives Nakasone, Yonamine and Moses.
Managers on the part of the House.

Senators Taniguchi, Buen, Chun, Chun Oakland, Hanabusa, Kim, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Sakamoto was excused.)

Conf. Com. Rep. 155 on H.B. No. 407

The purpose of this bill is to ensure that contractors working on federal construction projects in Hawaii pay state general excise taxes (GET) by:

- (1) Requiring the Department of Taxation (DOTAX) to work with the federal government to develop a system to enforce tax collection;
- (2) Requesting the assistance of the federal government; and
- (3) Requiring a report to the Legislature on the need for any proposed legislation.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to take effect upon its approval; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 407, 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. 407, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Kawakami and Moses.
Managers on the part of the House.

Senators Kawamoto, Taniguchi, Inouye and Hemmings.
Managers on the part of the Senate.
(Senator Inouye was excused.)

Conf. Com. Rep. 156 on H.B. No. 94

The purpose of this bill is to appropriate funds for the establishment of new parent-community networking centers (PCNCs) and for the further development of existing centers.

Your Committee on Conference finds that PCNCs provide a vital link between schools and the communities they serve. Involving parents and other community members enriches schools, and allows them to better serve the specific needs of their respective student bodies.

Your Committee on Conference has amended the bill by appropriating \$250,000 each for fiscal years 2001-2002 and 2002-2003. Your Committee on Conference has also deleted the specific allocations of these moneys to allow them to be expended more flexibly.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 94, 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. 94, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Kawakami and Ontai.
Managers on the part of the House.
(Representative Ontai was excused.)

Senators Sakamoto, Chun Oakland, English, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senator English was excused.)

Conf. Com. Rep. 157 on H.B. No. 946

The purpose of this bill is to:

- (1) Streamline the application process for charter schools by establishing a charter school review panel (panel) and submittal process timeline;

- (2) Provide for provisional approval of charters;
- (3) Establish the Board of Education (BOE) as final appeal and charter approval authority;
- (4) Provide that the per pupil allocation to any charter school shall not exceed the Department of Education's (DOE's) average per pupil expenditure based upon a school of 320 students or less;
- (5) Authorize rather than mandate the State to subsidize small schools with fewer than 100 students
- (6) Require the panel and BOE to give priority in the consideration of proposals for new century charter schools to proposals submitted by schools which existed prior to the approval of the bill; and
- (7) Appropriate funds for charter schools.

Your Committee on Conference finds that charter schools are important to the future of our educational system and our State, as a whole. This bill is intended to facilitate excellence in charter schools and give them the best opportunity to succeed.

While your Committee on Conference fully understands and believes that charter schools must be afforded significant freedom if they are to perform optimally, there have been significant problems with the charter approval process and the administration of these schools that require legislative action. As currently written, the charter school law makes the enforcement of even the most basic issues of health and safety difficult. These issues are of the utmost importance to your Committee on Conference. Charter schools should comply with all state and county laws and rules, and be open to inspection to demonstrate compliance.

Furthermore, your Committee on Conference finds that the accountability of charter schools must be ensured, especially with regard to fiscal matters. This bill makes significant improvements to the existing charter school law in the area of accountability. Your Committee on Conference also notes that with regard to financial accountability, audited financial statements that are provided at least annually and conform to generally accepted accounting principles are preferred.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the panel shall review amended implementation plans;
- (2) Lowering from 60 to 30 the number of days the panel has to review amended implementation plans;
- (3) Eliminating the provision allowing applicants a second opportunity to amend their implementation plan;
- (4) Calling for independent evaluations annually for the first 2 years instead of after 4 years of operation;
- (5) Requiring that the per pupil allocation for charter schools be no greater than the DOE's average per pupil allocation, instead of basing the allocation on that for a public school with 320 students;
- (6) Lowering the probationary period from 2 years to 1 year;
- (7) Deleting the appropriation;
- (8) Changing the effective date from July 1, 2010, to July 1, 2001; and
- (9) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 946, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 946, S.D. 2, C.D. 1.

Representatives Ito, Yonamine and Halford.
Managers on the part of the House.
(Representative Halford did not concur.)

Senators Sakamoto, Ige, Kawamoto, Matsunaga, Menor, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Ige and Menor were excused.)

Conf. Com. Rep. 158 on H.B. No. 1561

The purpose of this bill is to:

- (1) Further develop the Department of Education's (DOE) School-to-Work program by clarifying DOE's policies and initiatives; and
- (2) Appropriate funds for various School-to-Work activities and programs.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the purpose and objectives of the School-to-Work Program;

- (2) Specifying agencies that will facilitate the transition to a systems approach for career development;
- (3) Clarifying the appropriations for the Career Development Transition Office;
- (4) Adding funding of \$550,000 for fiscal year 2001-2002 for five career development centers, professional development, and a Career Development Transition Office; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1561, 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. 1561, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Yoshinaga, Saiki, Nakasone, Bukoski and Halford.
Managers on the part of the House.
(Representative Nakasone was excused.)

Senators Sakamoto, Nakata, Taniguchi, Ige, Kawamoto and Hogue.
Managers on the part of the Senate.
(Senators Ige and Kawamoto were excused.)

Conf. Com. Rep. 159 on S.B. No. 1096

The purpose of this measure is to clarify the application of public employment laws.

Specifically, the measure:

- (1) Addresses and resolves the uncertainty raised by the Hawaii Supreme Court in *Konno v. County of Hawaii*, 85 Haw. 61 (1997), with regard to the government's ability to rely on the private sector for services government needs or is required to provide by establishing a new chapter on privatization in the Hawaii Revised Statutes that sunsets on June 30, 2005;
- (2) Provides for ways to minimize the adverse effects on public workers displaced by privatization;
- (3) Restores the right to strike for all collective bargaining units except firefighters and police officers; and
- (4) Repeals references to essential employees and essential positions.

Your Committee on Conference finds that while the State's economy is demonstrating some evidence of recovery after almost a decade of low growth and recession, the demands on government for the delivery of core services continue to increase. The legislature also finds that the use of tax and fee hikes to meet projected government expense increases are counterproductive to the very economic recovery that produces revenues to fund those expenses. As such, it is more important than ever that government have the ability to deliver services by the most efficient means possible.

To this end, the State and its counties have long used the private sector to provide public services to Hawaii's citizens. Historically, government agencies and private organizations have benefited from outsourcing to increase efficiency and take advantage of larger economies of scale, and have used resources that are owned or have been developed by the private sector to achieve savings for the long-term good. When time and need have suggested that opportunities would be missed or that costs might be avoided or minimized, government has used private sector services and expertise to take advantage of the opportunity rather than "start from scratch." In certain instances, outsourcing could provide the flexibility needed to enable government to remain fluid in its ability to effectively provide services for the ever changing needs of its constituency.

However, in recent years, certain circumstances have contributed to curtailing state and county governments' ability to utilize privatization as a means of cutting costs and more efficiently managing its resources.

Because of the Hawaii Supreme Court's decision in the consolidated cases *Konno v. County of Hawaii*, 85 Haw. 61 (1997) and other occurrences, the basic authority of state and county government to deliver public services through the private sector has been called into question.

In *Konno*, the Hawaii supreme court invalidated a contract between the county of Hawaii and a private landfill developer and operator after concluding that under the State's civil service laws, only civil servants could perform the services and fill the positions historically and customarily provided or filled by civil servants. While the supreme court in *Konno* "emphasize[d] that nothing in this opinion should be interpreted as passing judgment, one way or the other, on the wisdom of privatization," and acknowledged that "[w]hether or not, as a policy matter, private entities should be allowed to provide public services entails a judgment ordinarily consigned to the legislature", it also noted that "the civil service encompasses those services that have been customarily and historically provided by civil servants", and concluded that, absent express legislative authority to obtain services from other sources, civil servants must provide these services.

Consequently, state and county agencies, in some instances, were precluded from entering into service contracts with private providers to obtain the services they needed, reduce direct labor, material, and equipment costs, and take advantage of indirect savings through contractual provisions for insurance and indemnification against third-party and regulatory liability claims.

Recognizing the negative fiscal impact the *Konno* decision would have on government, the Legislature enacted Act 230, Session Laws of Hawaii 1998 (Act 230), which provided the necessary express authority to the State and counties to contract with the private

sector. Act 230 also established a committee to develop a managed process that would allow state and county agencies to contract with the private sector for the provision of government services, thereby making government more efficient and cost—effective. The justification for establishing the process was to ensure that when government decides to seek services from the private sector, it relies on the accurate assessment of costs and perceived benefits in order to make informed and responsible decisions. Although the managed process committee completed its work mandated pursuant to Act 230 and submitted its recommendations to the Governor and the Legislature, a complete working model of managed competition has yet to be implemented.

Not willing to wait or rely solely upon the results of Act 230 to make government more efficient and responsive to the needs of the public, the Legislature enacted Act 253, Session Laws of Hawaii 2000 (Act 253), otherwise known as the Civil Service Modernization Act. Act 253 contained sweeping employment reforms that shape the way government service will be defined in the twenty-first century. Under this new paradigm, no longer will public agencies be resigned to the "one size fits all" mentality of hiring, allocating, training, and retaining their employees. Act 253 in part, enables the State, counties, and other public jurisdictions to custom tailor their workforce to suit their particular needs. Act 253 also authorized the use of experimental modernization projects by public agencies as a means to modernize and streamline their operations in lieu of privatizing the functions of the public agency.

Although the managed competition process embodied in Act 230 and the experimental modernization project concept authorized under Act 253 paved the way towards improving government efficiency and provided management with some of the tools necessary to effect change, your Committee on Conference believes that more can be done to expedite the process of improving the cost-effectiveness of providing services to the public.

As such, in furtherance of the new paradigm embraced under Acts 230 and 253, your Committee on Conference asserts that privatization should be included as a management tool to assist government in remaining fluid in its ability to effectively provide services for the ever changing needs of its constituency. Your Committee on Conference also believes that providing public sector management with a full complement of management tools to choose from...namely privatization, managed competition, and experimental modernization projects...affords public sector management a vast array of options to achieve its goal of government efficiency.

However, your Committee on Conference is fully aware of the negative impact privatization and managed competition will have on public sector employees' ability to negotiate fair and adequate compensation packages, as the balance of negotiating power will be tipped in favor of public sector management. In order to ensure that the fragile balance between employer and employee negotiating leverage is maintained, your Committee on Conference believes that certain public employees should have their right to strike reinstated and that the essential employee statutes should be repealed.

In light of these beliefs and upon further consideration, your Committee on Conference has amended the measure by:

- (1) Recasting the language contained in the purpose section of the measure to reflect your Committee on Conference's intent;
- (2) Adding a requirement that any service that is privatized be detailed in an annual report to the Legislature;
- (3) Adding a new part to the measure that enables the State and counties to negotiate the terms and conditions of managed competition;
- (4) Making conforming amendments to existing law and Act 253 to facilitate the managed competition process;
- (5) Including collective bargaining unit 10, institutional, health, and correctional workers, in the same category as police and firefighters, thus prohibiting them from striking;
- (6) Extending the sunset date of the privatization chapter from June 30, 2005, to June 30, 2007; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee on Conference is satisfied that the amended measure will further facilitate the modernization of the public sector working environment while maintaining the fragile negotiating balance between public employers and public employees.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1096, 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. 1096, S.D. 1, H.D. 1, C.D. 1.

Representatives Yoshinaga, Saiki, Espero, Kawakami, Davis and Djou.
Managers on the part of the House.

Senators Hanabusa, Nakata, Chun, Kanno, Kawamoto, Taniguchi and Slom.
Managers on the part of the Senate.
(Senators Kanno and Slom were excused.)

Conf. Com. Rep. 160 on S.B. No. 119

The purpose of this measure is to require the Department of Public Safety (PSD) and the Office of Youth Services (OYS) to provide a range and quality of programming for female adult and juvenile offenders that is substantially equivalent to male inmates.

This measure also requires:

- (1) The OYS to make available gender-responsive community-based programs for female adjudicated youths by providing a range of opportunities that meet their needs; and

(2) The PSD to make available gender-responsive community-based programs to female offenders by providing a range of opportunities that meet their needs.

Your Committee on Conference finds that this measure is a major improvement in the rehabilitation of adult and juvenile female inmates. Testimony on this measure throughout the legislative process indicates that female inmates have distinct needs that require tailored programs to help them when they are released. The needs include child care, education, skills training, substance abuse treatment, and obtaining and keeping a job. Your Committee on Conference believes that female inmates are in many cases the sole source of support for the family. Rehabilitation programs should address these needs.

Your Committee on Conference has amended this measure by deleting the appropriations in sections 5 and 6 and instead requiring the PSD and OYS to prepare an implementation plan to carry out the gender-responsive community-based program and to submit an appropriation request to the 2002 regular session.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 119, 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. 119, S.D. 1, H.D. 2, C.D. 1.

Representatives Garcia, Nakasone and Leong.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 161 on H.B. No. 432

The purpose of this bill is to:

- (1) Place the Millenium Workforce Development Program (Program) with the Department of Business, Economic Development, and Tourism; and
- (2) Appropriate funds for the Program.

This bill has been amended by:

- (1) Appropriating \$50,000 for fiscal year 2001-2002 to operate the Program; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 432, 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. 432, H.D. 2, S.D. 2, C.D. 1.

Representatives Ahu Isa, Suzuki, Magaoay, Takumi, Leong and Marumoto.
Managers on the part of the House.
(Representative Takumi was excused.)

Senators Nakata, Tam, Chun, Ihara and Taniguchi.
Managers on the part of the Senate.
(Senators Chun and Ihara were excused.)

Conf. Com. Rep. 162 on H.B. No. 1662

The purpose of this bill is to:

- (1) Repeal part III of chapter 206M, Hawaii Revised Statutes, concerning special facility revenue bonds, enact replacement provisions, and makes the provisions retroactive to April 28th, 2000;
- (2) Clarify that the Governor's and the Legislature's approvals are required before the issuance of any special facility revenue bonds by the High Technology Development Corporation;
- (3) Appropriate funds to support high technology marketing and promotion;
- (4) Appropriate funds to support a new position for biotechnology development;
- (5) Appropriate funds for start-up technology companies within incubators; and
- (6) Define "incubators" to mean facilities that foster start-up companies and entrepreneurship by providing affordable access to office space, shared equipment and common areas, management expertise, and a supportive environment for growing businesses.

This measure has been amended by deleting its substance and appropriating \$150,000 for fiscal year 2001-2002 for high technology marketing and promotion.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1662, 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. 1662, H.D. 1, S.D. 2, C.D. 1.

Representatives Ahu Isa, Takamine and Marumoto.
Managers on the part of the House.

Senators Tam, Taniguchi and Kim.
Managers on the part of the Senate.

Conf. Com. Rep. 163 on S.B. No. 684

The purpose of this measure is to raise the statutory fees that may be charged by sheriffs and police officers for various services, including service of summons and subpoenas.

Your Committee on Conference finds that the fees authorized for service of summons and subpoenas, and related services, have not been raised in ten years. Your Committee further finds that sheriffs on the island of Hawaii are severely affected by the rise in gasoline prices due to the great differences that must be traveled to effect service on the island.

Your Committee on Conference has amended this measure by:

- (1) Increasing the outer limit of the range for the fee for serving any execution for every dollar collected, from \$100 to \$500;
- (2) Increasing the outer limit of the range for the fee for serving any execution or other process for the collection of money: for every dollar collected, from \$500 to \$1,000; and for every dollar collected over \$500, from \$500 to \$1,000;
- (3) Adding that in lieu of the statutorily set fees, the fee may be an agreed upon hourly rate of not less than \$50 per hour; and
- (4) Changing the effective date to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 684, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 684, H.D. 1, C.D. 1.

Representatives Garcia, Nakasone and Leong.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 164 on S.B. No. 549

The purpose of this measure is to appropriate state matching funds to establish manufacturing extension programs in Hawaii.

Your Committee finds that the three-and-a-half year-old Hawaii Manufacturing Extension Partnership program has proven to be a powerful support for small and medium-sized businesses in improving their capacity and efficiency and has assisted with the diversification of Hawaii's economy. There is no other program directed at the manufacturing sector which, by federal definition, includes technology and high-technology products and services. The federal government has indicated that this is one of the most effective programs they have created and has allocated matching funds available to Hawaii.

Your Committee has amended this measure by replacing the \$1 appropriation amount with \$300,000 for fiscal year 2001-2002 and the same sum for fiscal year 2002-2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 549, 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. 549, S.D. 2, H.D. 1, C.D. 1.

Representatives Takamine, Magaoay and Davis.
Managers on the part of the House.
(Representative Davis was excused.)

Senators Tam, Taniguchi, Kim and Hemmings.
Managers on the part of the Senate.
(Senator Hemmings was excused.)

Conf. Com. Rep. 165 on S.B. No. 1365

The purpose of this measure is to make an appropriation for the Weed and Seed Program.

The Weed and Seed strategy is a collaborative effort among law enforcement (federal, state, and county) agencies, social service agencies, private businesses, nonprofit organizations, and community residents to prevent, control, and reduce violent crime, drug abuse, and gang related activity in targeted neighborhoods.

Your Committee on Conference finds that the more appropriate vehicle for appropriating funds for the Weed and Seed strategy is to make a grant-in-aid to the Hawaii Community Foundation rather than an appropriation to an unspecified nonprofit entity. Federal law requires that there be a local expending charitable entity to disperse federal moneys for the Weed and Seed strategy. The Hawaii Community Foundation has a proven track record of administering grants and funding. Your Committee on Conference further finds that the Department of Attorney General should be the expending agency for the grant. Your Committee on Conference notes that that Attorney General is a member of the steering committee for the Weed and Seed strategy.

Your Committee on Conference has amended this measure by:

- (1) Substituting the term "Weed and Seed strategy" for "Weed and Seed Program", for accuracy;
- (2) Making certain legislative findings regarding the Hawaii Community Foundation and the Weed and Seed strategy to qualify for a grant-in-aid under chapter 42F, Hawaii Revised Statutes; and
- (3) Making an appropriation of \$350,000 as a grant-in-aid to the Hawaii Community Foundation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1365, 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. 1365, S.D. 2, H.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Kanno, Hanabusa, Kawamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 166 on S.B. No. 1460

The purpose of this measure is to increase the number of intermediate appellate court judges from three to five.

Testimony of the Judiciary on this measure in this session indicated that expansion of the intermediate court is preparatory for later reorganization of the appellate system, which could be the subject of bills for the 2002 Session. The Judiciary also testified that no appropriation is needed for the 2001-2002 fiscal year. Your Committee on Conference believes this measure will improve the functioning and efficiency of the appellate judicial process.

Your Committee on Conference has amended this measure by changing the effective date to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1460, 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. 1460, S.D. 1, H.D. 2, C.D. 1.

Representatives Hamakawa, Takamine and Auwae.
Managers on the part of the House.

Senators Kanno, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 167 on S.B. No. 1405

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Hi-Tech Hawaii, Inc. in planning, designing, and constructing a high technology research and development facility in the State.

Your Committee on Conference has amended this measure by adding language to section 2 stating that the activities of Hi-Tech Hawaii are qualified to be financed through the issuance of special purpose revenue bonds, and by making the Act effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1405, 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. 1405, S.D. 2, H.D. 1, C.D. 1.

Representatives Nakasone, Yonamine and Leong.
Managers on the part of the House.
(Representative Yonamine was excused.)

Senators Tam, Taniguchi, English and Slom.
Managers on the part of the Senate.
(Senator English was excused.)

Conf. Com. Rep. 168 on S.B. No. 204

The purpose of this measure is to reduce animal quarantine user fees by waiving repayment of revenues used to establish the animal quarantine special fund and by exempting the animal quarantine special fund from central service assessments.

Upon further consideration, your Committee on Conference amended this measure by removing the provisions that waive repayment to the general fund of revenues used to establish the animal quarantine special fund.

Your Conference Committee also amended this measure to remove the amendments to the Hawaii Revised Statutes that would have forever exempted the animal quarantine special fund from central service assessments and administrative expenses. Instead, your Conference Committee inserted two new provisions to exempt the animal quarantine special fund from those assessments and expenses for fiscal year 2001-2002 only.

Your Conference Committee anticipates that the central service assessment and administrative expenses exemptions will provide approximately a \$250,000 savings for the animal quarantine special fund for fiscal year 2001-2002. Based on that figure, your Conference Committee amended this bill to provide that the quarantine fee reduction shall be \$45 per dog and cat for civilians and active military grades E-7 to O-3, and \$175 per dog and cat for active military grades E-1 to E-6 for fiscal year 2001-2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 204, 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. 204, S.D. 2, H.D. 2, C.D. 1.

Representatives Abinsay, Cabreros and Davis.
Managers on the part of the House.
(Representative Davis was excused.)

Senators Kawamoto, Buen, Taniguchi, Inouye and Hemmings.
Managers on the part of the Senate.
(Senators Inouye and Hemmings were excused.)

Conf. Com. Rep. 169 on H.B. No. 173

The purpose of this bill is to lessen Hawaii's dependence on imported oil by encouraging the greater use of renewable energy by:

- (1) Establishing goals for electric utility companies to include a minimum percentage of renewable energy resources or energy efficiency programs within an overall resource portfolio; and
- (2) Enabling qualified customer-generators to utilize net energy metering and allow for monthly billing and an annual reconciliation period.

Your Committee on Conference has made several amendments to the bill, including:

- (1) Establishing intermediate renewable energy standards beginning in 2003 to 2010;
- (2) Amending the definition of "renewable energy" to include energy efficiency savings from solar and heat pumps;
- (3) Deleting any references to demand-side management and energy efficiency;
- (4) Changing the reconciliation period for net energy metering from annually to monthly;
- (5) Changing the net metering capacity to .5% of the system demand;
- (6) Calculating the peak percentage total using combined total peak generating capacity of all eligible customer-generators; and
- (7) Making technical, nonsubstantive changes for purposes of consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 173, 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. 173, H.D. 2, S.D. 2, C.D. 1.

Representatives Morita, Hiraki, Hamakawa, Saiki, Bukoski and Whalen.
Managers on the part of the House.
(Representative Bukoski was excused.)

Senators Inouye, Menor, Kim, Tam and Hogue.
Managers on the part of the Senate.
(Senators Kim and Tam were excused.)

Conf. Com. Rep. 170 on H.B. No. 1586

The purpose of this measure is to extend unemployment insurance benefits for an additional six months to displaced employees of Amfac Sugar Kauai who are enrolled in or actively seeking to enroll in a vocational training or education program.

Upon further consideration, your Committee on Conference has amended the measure to:

- (1) Further clarify that all of the provisions of chapter 383, Hawaii Revised Statutes, are applicable;
- (2) Require that displaced employees of Amfac Sugar Kauai be enrolled in and attending an approved vocational training or education program;
- (3) Define "displaced employees of Amfac Sugar Kauai" as those individuals who:
 - (a) Are unemployed on or after June 30, 2000;
 - (b) Filed an unemployment insurance claim as a result of establishing an applicable benefit year;
 - (c) Have exhausted all rights to receive regular unemployment insurance benefits; and
 - (d) Cannot receive unemployment insurance benefits under any State or federal program after rights to unemployment insurance benefits under the applicable year were exhausted;
- (4) Stipulate that the amount payable of extended unemployment compensation shall be equal to the unemployment insurance weekly benefit amount payable pursuant to the applicable benefit year;
- (5) Add a severability clause; and
- (6) Insert a sunset date of June 30, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1586, 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. 1586, H.D. 1, S.D. 2, C.D. 1.

Representatives Yoshinaga, Saiki and Leong.
Managers on the part of the House.

Senators Nakata, Hanabusa, Chun Oakland, Matsuura and Hogue.
Managers on the part of the Senate.
(Senators Chun Oakland and Hogue were excused.)

Conf. Com. Rep. 171 on H.B. No. 1287

The purpose of this bill is to appropriate funds to the University of Hawaii for agricultural research and outreach activities conducted by the University of Hawaii College of Tropical Agriculture and Human Resources (UH-CTAHR).

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$500,000 for fiscal year 2001-2002 and \$500,000 for fiscal year 2002-2003 as follows:
 - (A) \$200,000 for fiscal year 2001-2002 and \$200,000 for fiscal year 2002-2003 for the continued development of high-value agricultural products and a breeding program to develop new agricultural products;
 - (B) \$200,000 for fiscal year 2001-2002 and \$200,000 for fiscal year 2002-2003 for the continued development of the agricultural biotechnology initiative; and
 - (C) \$100,000 for fiscal year 2001-2002 and \$100,000 for fiscal year 2002-2003 for the creation and adoption of agricultural management practices that protect Hawaii's environment;and
- (2) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

Your Committee on Conference notes that these appropriations are authorized over and above the appropriations authorized by the Legislature for the University of Hawaii in the executive budget.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1287, 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. 1287, H.D. 1, S.D. 2, C.D. 1.

Representatives Abinsay, Takumi, Takamine, Cabrerros, Davis and Halford.
Managers on the part of the House.
(Representative Halford was excused.)

Senators Buen, Sakamoto, Hanabusa, Taniguchi and Hogue.
Managers on the part of the Senate.

(Senators Hanabusa and Hogue were excused.)

Conf. Com. Rep. 172 on H.B. No. 1089

The purpose of this bill is to:

- (1) Extend the composition of the current Agribusiness Development Corporation's board of directors for an additional four years;
- (2) Amend Act 117, 1999, as amended by Act 206, 2000, by directing any unexpended or unencumbered funds appropriated in this Act at the close of fiscal year 2000-2001 to be deposited into the Hawaii Agricultural Development Revolving Fund; and
- (3) Appropriating funds for the planning, design, and construction of an agricultural subdivision in the Hamakua district on the island of Hawaii.

Your Committee on Conference has amended this measure by deleting its substance other than the amendments to Act 117, 1999, as amended by Act 206, 2000, and incorporating the following provisions:

- (1) Appropriating the sum of \$5,000,000 out of the Agricultural Loan Revolving Fund and the sum of \$5,000,000 out of the Aquaculture Loan Revolving Fund, or so much thereof as may be necessary for fiscal year 2001-2002 to provide assistance to agricultural and aquacultural enterprises on Kauai; and
- (2) Appropriating the sum of \$5,000,000 out of the Agricultural Loan Revolving Fund and the sum of \$5,000,000 out of the Aquaculture Loan Revolving Fund, or so much thereof as may be necessary for fiscal year 2002-2003 to provide assistance to agricultural and aquacultural enterprises on Kauai.

Your Committee on Conference notes that funds may be expended from the Agricultural Loan Revolving Fund or the Aquaculture Loan Revolving Fund, or both, provided that the aggregate total of the expenditures during fiscal year 2001-2002 and 2002-2003 out of these appropriations shall not exceed \$5,000,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1089, 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. 1089, H.D. 2, S.D. 2, C.D. 1.

Representatives Abinsay, Takamine and Davis.
Managers on the part of the House.

Senators Buen, Kokubun, Taniguchi and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 173 on S.B. No. 1028

The purpose of this bill is to transfer the Barber's Point Naval Air Station Redevelopment Commission and the Aloha Tower Development Corporation to the Hawaii Community Development Authority.

Your Committee on Conference amended this measure by replacing its contents with the following:

- (1) Integrating the Barbers Point Naval Air Station redevelopment commission into the Hawaii community development authority during a one-year transition period;
- (2) Requiring public forums to allow community project proposals and community prior input to adoption of any development project by the Hawaii Community Development Authority and the Barbers Point Naval Air Station Redevelopment Commission;
- (4) Limiting the commission and the authority to the scope of the Kalaeloa Redevelopment Plan;
- (7) Requiring the authority to report on the consolidation plan to the legislature; and
- (8) Appropriating \$160,000 for the purposes of the bill.

The House and Senate conferees both agree that the preservation of Irwin Memorial Park is important and agreed to work together to ensure the preservation of Irwin Memorial Park as a public park.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1028, 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. 1028, S.D. 2, H.D. 2, C.D. 1.

Representatives Kanoho, Nakasone and Davis.
Managers on the part of the House.
(Representative Davis was excused.)

Senators Tam, Inouye, Taniguchi, Kawamoto, Kim and Slom.
Managers on the part of the Senate.
(Senators Kim and Slom were excused.)

Conf. Com. Rep. 174 on H.C.R. No. 129

The purpose of this concurrent resolution is to request the Legislature to establish a joint legislative advisory panel to review mandated health insurance benefits, expansion of health care providers, and health care regulation.

Your Committee on Conference finds that the cost of health care in Hawaii is rising alarmingly as mandated health insurance benefits constantly expand. More health care providers are added to the eligible provider list and new regulations are passed each year, placing an increasing financial burden on Hawaii's citizens. This concurrent resolution aims to provide for an assessment of the social and financial impact of health care costs.

Your Committee on Conference further finds that prescription drugs play an integral role in the overall issue of health care. Prescription drug treatments are of the utmost importance to many people, and can have great preventive benefits that cut down on health costs in the long run.

Your Committee on Conference has amended this concurrent resolution by:

- (1) Changing the joint legislative advisory panel to a mandated benefit advisory task force to be convened by the Insurance Commissioner;
- (2) Requesting the Legislative Reference Bureau to conduct a study on the feasibility of a state pharmaceutical assistance program;
- (3) Changing the title of the concurrent resolution to read: "REQUESTING THE INSURANCE COMMISSIONER TO CONVENE A MANDATED BENEFIT ADVISORY TASKFORCE AND REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY ON THE FEASIBILITY OF A STATE PHARMACEUTICAL ASSISTANCE PROGRAM;" and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference concurs with the intent and purpose of H.C.R. No. 129, H.D. 1, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 129, H.D. 1, S.D. 1, C.D. 1.

Representatives Suzuki, Magaoay and Gomes.
Managers on the part of the House.

Senators Matsuura, Taniguchi, Menor, Kokubun and Hogue.
Managers on the part of the Senate.
(Senator Hogue was excused.)

Conf. Com. Rep. 175 on S.C.R. No. 156

The purpose of this measure is to request that the Governor assemble an administration team to develop a plan for the relocation of the Oahu Community Correctional Center and for the construction of a new secure facility at a new site to be selected after careful review.

Upon further consideration, your Committee on Conference amended the measure to delete the language regarding legislative support for the relocation in the BE IT RESOLVED clause.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference concurs with the intent and purpose of S.C.R. No. 156, S.D. 1, H.D. 1, as amended herein, and recommends that it be adopted in the form attached hereto as S.C.R. No. 156, S.D. 1, H.D. 1, C.D. 1.

Representatives Garcia, Espero and Moses.
Managers on the part of the House.

Senators Kim, Kanno, English, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Sakamoto was excused.)

Conf. Com. Rep. 176 on S.C.R. No. 23

The purpose of this concurrent resolution, as received, is to form a working group of state and private entities to develop a statewide certification program for long-term care providers.

Your Committee on Conference has amended this measure to request that a special committee be appointed by the President of the Senate and Speaker of the House of Representatives to develop a long-term care financing plan which would:

- (1) Assure a comprehensive long-term care infrastructure;
- (2) Support the long-term care needs of all citizens, regardless of income; and

(3) Control the escalating cost of long-term care and the burden on the State.

Your Committee on Conference further amended this measure to appropriately add whereas clauses to support the development and implementation of a long-term care financing plan.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference concurs with the intent and purpose of S.C.R. No. 23, S.D. 2, H.D. 1, as amended herein, and recommends that it be adopted in the form attached hereto as S.C.R. No. 23, S.D. 2, H.D. 1, C.D. 1.

Representatives Kahikina, Arakaki and Stonebraker.

Managers on the part of the House.

(Representative Stonebraker was excused.)

Senators Matsuura, Menor and Hogue.

Managers on the part of the Senate.

(Senator Hogue was excused.)