

STANDING COMMITTEE REPORTS

SCRep. 1 Finance on S.B. No. 890

The purpose of this bill is to authorize funds for the expenses of the Legislature and the legislative support agencies.

Testimony in support of this measure was received by the Office of the Auditor, the Legislative Reference Bureau, the State Ethics Commission, and the Office of the Ombudsman.

Your Committee has amended this bill by providing an additional \$300,000 to the Office of the Auditor for the purpose of meeting costs and expenses related to Felix v. Cayetano consent decree studies and other activities requested by the Legislature. Your committee has further amended this bill to ensure that Felix v. Cayetano consent decree related appropriations may be expended upon the approval of this Act.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 890, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 890, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2 Energy and Environmental Protection on H.B. No. 666

The purpose of this bill is to:

- (1) Give the Department Health (DOH) the authorization to transfer the regulation of individual wastewater systems to the counties, unless the transfer interferes with or jeopardizes any federal authorization or the State's administration of federal or state laws or programs; and
- (2) Provide grants-in-aid for the purpose of financing county operational costs of regulating individual wastewater systems that are presently regulated by the DOH.

DOH and the Lieutenant Governor submitted testimony in support of this measure. The Maui Mayor and Maui County Council members submitted testimony in support of this measure, but requested that the funding amount be left blank for purposes of further discussion.

Currently, DOH regulates cesspools, septic tanks, household aerobic treatment systems, and other individual wastewater systems. The counties review building permits; thus there are two separate review for preconstruction and pre-use approvals for homes. There are also two separate inspection and enforcement systems for residential buildings. Your Committee finds that delegating the regulation of individual wastewater systems to the counties is more efficient and in the interest of the public.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 666 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 3 Energy and Environmental Protection on H.B. No. 698

The purpose of this bill is to reduce the regulatory burden on Hawaii's businesses by repealing the Hawaii Environmental Disclosure Act found in chapter 343D, Hawaii Revised Statutes.

The Lieutenant Governor testified in support of this measure.

Your Committee finds that the disclosure law is no longer effective or needed. Chapter 343D was enacted to alert the public of major corporate changes that may impact Hawaii's environment, land use, jobs, and economy. Specifically, the law requires a purchaser of a certain percentage of a Hawaii corporation or its assets to disclose certain information, including a description of the purchaser, financial statement, and a history of compliance and noncompliance with applicable environmental laws. Only twelve filings have been made since the law was enacted in 1982.

Your Committee further finds that there are more effective mechanisms to inform the public of the required disclosure information, including environmental impact statements, land use commission proceedings, and state and county land use planning processes.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 698 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Bukoski.

SCRep. 4 Transportation on H.B. No. 133

The purpose of this bill is to require persons under the age of 65, who renew their driver's licenses, to submit to a vision test every ten years, and persons 65 and older to submit to a vision test every four years.

The Department of Customer Services, City and County of Honolulu submitted comments. The Department of Transportation testified in opposition of this measure.

Existing law requires the passage of a vision test as a requirement for processing a driver's license renewal. Generally, a person's vision is adversely affected as a person increases in age, so it makes sense to subject older drivers to a vision test with greater frequency than younger drivers. Your Committee finds that it would improve the efficiency of the renewal process to decrease the frequency of the vision test requirement for younger drivers.

Accordingly, your Committee has amended this bill to:

- (1) Require persons under the age of 72 to pass a vision test every other renewal or every 12 years;
- (2) Require persons age 72 and over to be tested every other renewal or every four years; and
- (3) Make technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 133, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 133, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 5 Transportation on H.B. No. 187

The purpose of this bill is to exempt counties with a population of fewer than 500,000 from reconstructed vehicle approval requirements unless the county has adopted and provided for the enforcement of ordinances regulating the inspection and certification of reconstructed vehicles.

Members of the general public testified in support of the measure. The Department of Customer Service, City and County of Honolulu and the Office of the Prosecuting Attorney, County of Hawaii, testified in support of the intent of the measure.

Your Committee finds that requirements for the inspection of reconstructed motor vehicles should apply statewide. Your Committee believes that this measure will allow the various counties with populations under 500,000 to establish ordinances to ensure that vehicles driven in the State are safe, while addressing the particular concerns of that county.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 187 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 6 Energy and Environmental Protection on H.B. No. 740

The purpose of this bill is to require retail suppliers of electricity in Hawaii to annually disclose information on the fuel mix of the electricity services they sell.

Your Committee notes that pursuant to chapter 196D, Hawaii Revised Statutes, the Department of Business, Economic Development, and Tourism annually issues reports on the fuel mix of Hawaii's electricity generation system in the "Energy Resource Coordinator's Annual Report". Your Committee finds that Hawaii's utilities and other energy providers have been cooperative in providing detailed information on their fuel mix to the Department.

Your Committee agrees with the intent of this bill to increase consumer awareness of retail electric services and the fuel choices made by the electric utilities operating in Hawaii. However, your Committee finds that the bill, as drafted, is too technical in its requirements and allows little flexibility in terms of implementing the disclosure requirements. In addition, your Committee finds that this bill may raise postage or other mailing costs for public utilities, which would in turn be passed on to rate payers.

Accordingly, your Committee has amended this bill by:

- (1) Deleting most of the bill's provisions relating to disclosure labels, electricity product categories, and the disclosure format;
- (2) Requiring the disclosure to begin on June 1, 2003, and every June 1 thereafter, rather than on January 1, 2002;
- (3) Amending the purpose section to reflect that the Department of Business, Economic Development, and Tourism annually issues reports on the fuel mix of Hawaii's electricity generation system, and allowing disclosure to be derived from this information as necessary;
- (4) Providing that the disclosure shall state the price of electricity expressed in a format that makes it possible for residential and small commercial customers to compare similar electricity products and services on a standard basis;

- (5) Requiring the disclosure to be printed on the customer's bill or as a bill insert; provided that the disclosure does not require electric utilities to pay additional costs associated with mailing or postage, or result in increased costs to rate payers;
- (6) Requiring disclosure to be posted and updated on the supplier's internet website, if any;
- (7) Deleting all definitions except that of "fuel mix";
- (8) Requiring the work group to be convened and coordinated by the Public Utilities Commission, in consultation the Department of Business, Economic Development, and Tourism, and the Consumer Advocate, as necessary. Since the Commission already regulates the electric utilities, your Committee finds that the Commission is in the best position to coordinate the participants of the work group to expedite the implementation of the program and enforce the disclosure requirements;
- (9) Requiring the work group to establish guidelines as to how the fuel mix information will be calculated and reported, and specifying that the disclosure requirements are not to result in new costs for postage or other areas for utilities to comply with those requirements;
- (10) Requiring the work group to submit its findings and recommendations to the Legislature no later than December 1, 2002, rather than December 1, 2003. Your Committee finds that the work group should meet prior to the date for the first annual fuel mix reporting by the retail suppliers. This would allow the details of the disclosure process to be developed by the work group to ensure the proper implementation and uniformity regarding how the fuel mix will be calculated and reported by each retailer, and will also help to minimize implementation costs and reduce costs to rate payers; and
- (11) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 740, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Meyer.

SCRep. 7 Judiciary and Hawaiian Affairs on H.B. No. 1159

The purpose of this bill is to amend, reenact, or repeal various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors and references, clarifying language, and deleting obsolete or unnecessary provisions.

Your Committee received testimony from the Legislative Reference Bureau in support of the measure.

Your Committee finds that the recommended amendments are nonsubstantive, technical changes in the law that correct errors and references, clarify language, and delete obsolete or unnecessary provisions.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1159 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 8 Public Safety and Military Affairs on H.B. No. 77

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

Your Committee received testimony in support of this measure from the Office of Veterans Services, the State Commission on the Status of Women, the Women in Military Service for America Memorial Foundation, the Advisory Board on Veterans Services, and two concerned citizens.

Your Committee notes that Hawaii is the only remaining state yet to contribute to the Memorial. Further, it is the Committee's intent to fully support the concept of Hawaii becoming a contributor to the Memorial. However, while suggesting that the amount of \$25,000 might be considered as the upper limit, your Committee on Public Safety and Military Affairs leaves it to the Committee on Finance to determine the actual dollar amount of the State's contribution.

Your Committee also finds that there is some question as to whether this bill is the best way to effectuate the desired purpose. Your Committee would also support and the testifiers were advised that a request for grant-in-aid might be another avenue worth pursuing. The testifiers have agreed to also expeditiously proceed on that front.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 77 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Rath.

SCRep. 9 Economic Development and Business Concerns on H.B. No. 9

The purpose of this bill is to effectively prepare Hawaii's public school students for the Twenty-first Century by:

(1) Requiring the Department of Education (DOE) to:

- (a) Expand the E-academy concept to all public high schools in the State;
- (b) Establish E-academies in selected public elementary schools, middle schools, and new century charter schools in each departmental school district;
- (c) Develop new challenging and grade-appropriate school courses in math, science, and technology content areas and include the new courses in the authorized course code and number guide; and
- (d) Provide an innovative training program for E-academy teachers and conduct ongoing instructional assessment activities;

and

(2) Appropriate funds to expand the E-academy concept to all public high schools in the State, and establish E-academies in selected public elementary schools, middle schools, and new century charter schools in each departmental school district.

The Lieutenant Governor and an individual testified in support of the bill. DOE testified in support of the intent of the bill.

Your Committee has amended this bill by:

- (1) Specifying that DOE is to expand the E-academy concept to selected public high schools in the State, rather than to all public high schools in the State;
- (2) Making the appropriation apply to the expansion of the E-academy concept to selected public high schools, rather than to all public high schools; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 9, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 9, H.D. 1, and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 10 Health on H.B. No. 281

The purpose of this bill is to establish a neurotrauma special fund and commission.

Your Committee recognizes that an increasing segment of the population experiences neurotrauma every year and that presently, there is a lack of coordinated and affordable rehabilitative services for the neurologically injured population in Hawaii. As a result, most of these survivors do not get proper treatment and services, depend on welfare and other governmental assistance, or, even worse, do not get treatment at all.

Your Committee also recognizes that neurotrauma has a profound impact on the daily lives of these survivors and that creating a special fund and commission for neurotrauma survivors will result in forming programs that would dramatically improve the neurotrauma survivor's ability to participate as a productive member of the community and to improve their quality of life. Furthermore, creation of this special fund and commission would result in community education about neurotrauma, research and evaluation activities, the creation of a neurotrauma registry, and long-term support services.

Testimony in support of this measure was received from the Brain Injury Association of Hawaii, Ian Mattoch, Esq., and various survivors of neurotrauma. The Department of Health supported the intent of the measure as long as the measure did not interfere with the funding priorities established in their executive biennium budget request.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 281 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 11 Health and Human Services and Housing on H.B. No. 87

The purpose of this bill is to re-establish the family center demonstration project, which was formerly established under Act 329, Session Laws of Hawaii 1990.

Your Committees find that family support centers are an invaluable asset to and play a vital role by providing a "safety net" for families. Families can turn to family support centers when they require assistance without having to obtain various services from a myriad of offices and agencies.

Furthermore, your Committees find that family support centers play an integral part in helping families survive difficult times and in many instances can even prevent the breakup of these families. Without family support centers, many families would suffer through dysfunction and homelessness, and are far more likely to turn to illegal means for survival.

The Pacific Gateway Center, Palama Settlement, the Good Beginnings Alliance, the Community in Schools-Hi Project of the YMCA, the Kuhio Homes Resident Association, the Urban Management Corporation, and several private citizens and citizens groups supported this bill. The Department of Human Services (DHS) supported the intent of this bill.

Your Committees find that the family center demonstration project is a worthwhile and valuable asset to the community it serves. Upon further consideration, your Committees have amended this bill by:

- (1) Deleting the word "demonstration" from all instances of the phrase "demonstration project";
- (2) Adding language requiring DHS to propose ideas for more collaboration between existing agencies and other possible sources of funding for the maintenance and expansion of family support centers; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 87, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 87, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Stonebraker and McDermott.

SCRep. 12 Public Safety and Military Affairs on H.B. No. 708

The purpose of this bill is to establish the Federal Reimbursement Maximization Special Fund under the Department of Public Safety and to request an appropriation from the Federal Reimbursement Maximization Special Fund.

Your Committee received testimony in support of this measure from the Department of Public Safety.

Your Committee finds that this proposed special fund will streamline the department's efforts to both pursue federal grant opportunities and to maintain existing federal grant agreements. Your Committee therefore finds that assisting the department in these efforts is in the best interest of maintaining public safety.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 708 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 13 Public Safety and Military Affairs on H.B. No. 710

The purpose of this bill is to exclude the Hawaii Paroling Authority's decisions from appeal under Chapter 91, Hawaii Revised Statutes, and to allow a prisoner's minimum term to be equal to or less than the maximum term of imprisonment.

Your Committee received testimony in support of this measure from the Hawaii Paroling Authority, the Department of Public Safety, the Prosecutor of the City and County of Honolulu, and the Honolulu Police Department. Your Committee received testimony in opposition to this measure from the Office of the Public Defender, the Native Hawaiian Legal Corporation, and a concerned citizen.

Your Committee acknowledges that the Hawaii Paroling Authority has been given wide discretion concerning decisions regarding the release of inmates, and this measure seeks to strengthen that discretion. Your Committee further notes that in the past the courts have ruled that disciplinary actions within the correctional facilities are not subject to Chapter 91, Hawaii Revised Statutes. However, since some members voiced concerns, your Committee respectfully requests that the Committee on Judiciary and Hawaiian Affairs closely scrutinize the implications of this bill with respect to the unresolved State v. Williamson case and, more generally, the possible impact of this measure upon the right of due process.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 710 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 14 Public Safety and Military Affairs on H.B. No. 349

The purpose of this bill is to establish an Earned Time Program that provides incentives for inmate rehabilitation in which inmates may earn reductions in their minimum terms of imprisonment as set by the Hawaii Paroling Authority by making consistent progress while incarcerated.

Your Committee received testimony in support of this measure from the Office of the Public Defender, the Native Hawaiian Legal Corporation, the Hawaii Substance Abuse Coalition, the Community Alliance on Prisons, the Drug Policy Forum of Hawaii, and six concerned citizens. Your Committee received testimony in support of the intent of this measure from the Department of Public Safety. Your Committee received testimony in opposition to this measure from the Office of the Prosecutor of the City and County of Honolulu and the Hawaii Paroling Authority.

Your Committee finds that earned time would promote public safety by providing a useful motivation for offenders to actively participate in their rehabilitation.

To address concerns of some of the opponents to this measure your Committee has amended this measure by adding language to provide a mechanism for notifying crime victims when an offender has been awarded good time credit.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 349, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 15 Transportation on H.B. No. 135

The purpose of this bill is to require motor vehicle drivers to properly restrain children while the vehicle is in operation as follows:

- (1) Children age six or younger must be restrained in child passenger restraint systems;
- (2) Children at least four years of age must be restrained in booster seats; and
- (3) A child between the ages of six and fifteen must be restrained in a seat belt assembly.

This bill also provides that the failure of a child who is six or younger to be restrained in a child passenger restraint system or seat belt assembly shall not be considered contributory negligence, comparative negligence, or negligence per se.

The Department of Transportation, the Department of Health, the Honolulu Police Department, the Maui County Police Department, and members of the public testified in support of this measure. The Keiki Injury Prevention Coalition testified in support of the intent of the bill.

Recognizing that national safety standards recommend booster seats for children ages four to eight years of age and under 80 pounds in weight, your Committee has amended this bill by:

- (1) Requiring a child who is eight years of age or under and under 80 pounds to be restrained in a child passenger restraint system;
- (2) Providing that the failure of a child who is eight or younger to be restrained in a child passenger restraint system or seat belt assembly shall not be considered contributory negligence, comparative negligence, or negligence per se;
- (3) Providing that a child between the ages of eight and fifteen must be restrained in a seat belt assembly; and
- (4) Making other technical, nonsubstantive amendments to reflect correct statutory language.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 135, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 135, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 16 Health and Human Services and Housing on H.B. No. 105

The purpose of this bill is to appropriate funds to the Department of Health for specialized substance abuse treatment services for pregnant women and families involved with child protective services who have children under five years of age, for men, and for teenagers, provided that funds are matched by private or federal sources.

Your Committees recognize that Child Protective Services (CPS), is currently experiencing a record number of calls reporting child abuse and neglect, approximately 85% of which involves families with substance abuse problems or substance abuse disorders. Your Committees also recognize that with early substance abuse treatment the high human and fiscal costs associated with health problems arising from substance abuse, hospitalizations, crime, individual and family suffering, and lost productivity in the workplace may be greatly curtailed and thus improve the general health and well being of the community at large.

The Community Alliance on Prisons, the Mental Health Association in Hawaii, and the Drug Policy Forum of Hawaii offered testimony in support of this bill. The Department of Health and the Department of Human Services both offered testimony in support of the intent of the measure but stated that they did so as long as passage of this bill did not impact their respective executive biennium budget priorities. The Blueprint for Change testified in support of the intent of this measure but suggested that the

committee consider designating a portion of the funds to treat some of the other problems associated with substance abuse rehabilitation.

After consideration, your Committees have decided to pass the measure with amendments that make the substance abuse treatment services available to all age groups with the priority of funding to go to pregnant women, children, and adolescents in the CPS system.

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

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 105, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 105, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 17 Health and Human Services and Housing on H.B. No. 293

The purpose of this bill is to appropriate funds to the Department of Health to provide resources to non-profit, community based health care programs.

It was recognized by your Committees that not all persons in the State of Hawaii have access to needed primary health care and that the consequences of not receiving this primary care can result in higher costs borne by public and private insurers and all health care providers when trying to reverse neglected health problems. Moreover, your Committees realized that the State of Hawaii has subsidized the health care safety net for services they provide for the uninsured but that this funding has never been adequate to the need.

The Hawaii State Primary Care Association, Papa Ola Lokahi, and the Mental Health Association of Hawaii all testified in support of this measure. The Department of Health testified in support of the measure but suggested that language in the bill be changed so as not to compromise the priority funding established in the executive biennium budget. The Waianae Coast Comprehensive Health Center also testified in support of the measure suggesting amendments to include additional services for insurance coverage.

Your Committees, realizing that many health care providers provide a much broader scope of service, have adopted the recommendations of the Waianae Coast Comprehensive Health Center by making the following amendments:

- (1) Inserting language that includes laboratory, radiology and follow-up visits by a patient's primary care provider at sites outside the health center as covered costs; and
- (2) Inserting language to reimburse federally qualified health centers for prescription pharmaceuticals dispensed to patients uninsured for prescription drugs with incomes at 200% of the poverty level or less.

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

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 293, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 293, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 18 Health on H.B. No. 223

The purpose of this bill is to:

- (1) Allow optometrists in the State of Hawaii to prescribe all pharmaceutical agents allowed by the Board of Optometry and not just those pharmaceutical agents that are topically applied; and
- (2) Repeals the Joint Formulary Advisory Committee created by the Legislature in 1996 and activated in 1999.

Your Committee recognizes that optometry is a rapidly expanding primary health care profession and that optometrists provide a valuable service to their patients. Optometrists must pass a long and arduous process consisting of over 200 hours of coursework, examinations, and preceptorship under the auspices of an ophthalmologist.

Furthermore, your Committee realizes that by allowing all pharmaceutical agents to be prescribed by optometrists and by allowing the professionally competent and expert Board of Optometry to develop, control, and maintain an evolving therapeutic pharmaceutical agents (TPA) formulary, patient care will be enhanced. Your Committee also recognizes that Hawaii has the most restrictive TPA law in the United States and is the only state in which a joint formulary advisory committee dictates matters to the State's Board of Optometry.

Testimony in support of this measure was received from the Board of Examiners in Optometry, Hawaii Optometric Association, Eye Care Associates of Hawaii, Hawaii Nurses Association, a large number of optometrists, and private citizens. Testimony

indicated that the current joint advisory formulary committee is polarized and maintains a bureaucratic process that delays treatment to patients and may be a hindrance to effective and timely patient care. Testimony also indicated that the Board of Examiners in Optometry are competent to serve as the regulatory agency evolving, controlling, and maintaining a drug formulary for optometrists and that by allowing the prescription of all pharmaceutical agents, thus expanding the range of TPAs approved for use by optometrists, cost effective, safe, and comprehensive eye care could be provided to the people of Hawaii.

The Hawaii Medical Association, Hawaii Ophthalmological Society, Hawaii Psychiatric Medical Association, and various physicians and ophthalmologists presented testimony in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 223 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Arakaki, Kahikina and Stonebraker.

SCRep. 19 Health on H.B. No. 352

The purpose of this bill is to establish a professional counselor licensing program.

Your Committee understands that at the present time, there is a severe lack of licensed professional counselors available to provide services to the mental health population in Hawaii, especially in the rural areas, neighbor islands, and among the Felix class population. Moreover, your Committee realizes that through licensure of these health care professionals, the public can be assured that mental health providers in Hawaii are competent to provide qualified and ethical services to the public. Licensure provides consistent and accountable standards of practice and provides for a method of recourse for clients when they are harmed in some way by a provider who is unethical or incompetent. Furthermore, your Committee recognizes that through the licensing of professional counselors, the pool of professional persons available to the Medicaid, Quest, and Felix programs will increase, thus benefitting to this population.

Testimony in support of this measure was received from the National Association of Rehabilitation Professionals in the Private Sector, the Hawaii Rehabilitation Counseling Association, the Rehabilitation Association of Hawaii, Sestak Rehabilitation Services, the Hawaii Youth Services Network, and a various professional counselors and concerned citizens.

The Department of Commerce and Consumer Affairs (DCCA), the agency responsible for licensing professionals, testified that the need for licensure was not apparent since professional counselors posed no significant harm to consumers and therefore did not require regulation. However, DCCA further stated that if the measure were to pass, they would request various amendments limiting the bill to mental health counselors only eliminating the word licensure since the bill dealt mainly with certification omitting the "grandfather" clause, and including amendments.

However, your Committee felt that the discussion of this issue has gone on for three years and that it would be in the best interest of the public to license professional counselors. Thus, your Committee has decided to pass this measure unamended.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 352 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Auwae.

SCRep. 20 Health on H.B. No. 651

The purpose of this bill is to continue the authorization granted to the Department of Health to obtain criminal history record information on persons who are seeking employment with the Child and Adolescent Mental Health Division and its providers or subcontractors, who are in positions that place them in direct contact with the clients. This bill also appropriates funds out of the State Criminal History Record Improvement Revolving Fund to support these efforts.

Your Committee realizes that the Department of Health's Child and Adolescent Mental Health Division provides an array of services to a very vulnerable population. Furthermore, your Committee finds that this bill would ensure the safety of clients by enabling the department to determine a person's suitability for providing direct, unwitnessed, mental health services to clients.

The Department of Health and the Office of the Attorney General testified in strong support of this measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 651 and recommends that it pass Second Reading and be referred to the Committees on Education and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Auwae, McDermott, Stonebraker and Yonamine.

SCRep. 21 Public Safety and Military Affairs on H.B. No. 176

The purpose of this measure as received by your Committee is to mandate substance abuse assessment and, if appropriate, treatment for offenders under the custody of the Department of Public Safety.

Your Committee received testimony in support of this measure from the Department of Public Safety, the Department of Health, the Hawaii Substance Abuse Coalition, the Hawaii Women's Political Caucus, the Office of the Public Defender, T.J. Mahoney and Associates, and several concerned citizens. Your Committee received testimony in support of the intent of this measure from the Judiciary and the Prosecutor of the City and County of Honolulu. Your Committee received testimony in opposition to this measure from the Honolulu Police Department.

Your Committee finds that a full continuum of substance abuse treatment is in the interest of public safety and public health. To that end, your Committee has amended this measure by:

- (1) Amending the purpose to include a policy shift to address non-violent drug possession offenses by requiring mandatory community supervision and treatment in lieu of incarceration;
- (2) Removing section 3 from the original bill, describing a change in sentencing for certain drug offenses;
- (3) Incorporating the contents of H.B. No. 713 into this bill;
- (4) Amending section 4 of the original bill to change the word "inmate" to "offender" to make the bill applicable to those people under the jurisdiction of the Department who are not incarcerated; and
- (5) Amending the appropriation section to apply also to those inmates who are under the custody of the department but incarcerated in other states.

As amended, the bill now addresses substance-abusing offenders at three important stages; while on probation, while incarcerated, and while on parole. It is the intent of your Committee to consider this issue in as holistic a view as possible, encompassing the full continuum of criminal justice outcomes.

Your Committee notes that several testifiers made reference to confusing and possibly contradictory amendments being made to the sentencing statutes. In particular your Committee notes that there is some debate concerning the effect of this bill on crystal methamphetamine, or "ice," offenses that are presently subject to mandatory terms of imprisonment. Your Committee respectfully requests that the Committee on Judiciary and Hawaiian Affairs take an especially close look at the those aspects of the bill and attempt to strike the proper balance between public safety and public health.

Your Committee also notes that as this measure progresses through the legislature it may become desirable to revisit the sections of the bill applying to those offenders on parole with an eye towards ensuring that public safety is adequately safeguarded in that arena.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 176, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 176, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 22 Energy and Environmental Protection on H.B. No. 654

The purpose of this bill is to:

- (1) Extend the prohibition on products containing lead that are installed or used to repair any public water system or any plumbing in a residential or nonresidential facility for human consumption to include plumbing fittings or fixtures; and
- (2) Require compliance with the "lead free" standards of the National Sanitary Foundation Standard 61, section 9, for plumbing fittings and fixtures.

The Department of Health (DOH) submitted testimony in support of this measure.

Your Committee finds that plumbing fittings and fixtures made out of lead containing materials, such as lead brass, contribute quantities of lead to drinking water. This bill, in conjunction with existing regulations, will further reduce the amount of lead in plumbing fittings and fixtures, and will conform Hawaii's standards to federal requirements.

Further, your Committee finds that this measure will support DOH in qualifying for drinking water grant and drinking water capitalization grant funds.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 654, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 654, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Bukoski.

SCRep. 23 Energy and Environmental Protection on H.B. No. 1596

The purpose of this bill is to authorize the issuance of special purpose revenue bonds of up to \$25,000,000 to assist Hilo Coast Power Company (HCPC) with the waste-to-energy facility at Pepekeo on the island of Hawaii.

HCPC submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Department of Budget and Finance recommended changing the lapse date of the revenue bond to June 30, 2004.

Your Committee has amended this bill by:

- (1) Amending the lapse date of the special purpose revenue bond to June 30, 2004; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1596, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1596, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.
(Representative Hale voted no.)

SCRep. 24 Higher Education on H.B. No. 730

The purpose of this bill is to delete language which infringes upon the exclusive jurisdiction of the Board of Regents (Board) to make internal allotments and expenditures of revenues deposited into the Research and Training Revolving Fund.

Testimony was received from the University of Hawaii in support of the intent of this bill.

Your Committee finds that the amendment of Article X of the Hawaii Constitution not only clarified that the Board has authority to make internal distributions and expenditures, but also established statutory support to the constitutional authority of the board.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 730 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Halford.

SCRep. 25 Higher Education on H.B. No. 731

The purpose of this bill is to authorize the transfer of all University of Hawaii funds, with the exception of general funds, into the University of Hawaii Commercial Enterprises Revolving Fund to finance the establishment of new enterprises.

The University of Hawaii testified in support of this measure.

Your Committee finds the current language provides that only private funds may be deposited into the University of Hawaii Commercial Enterprises Revolving Fund. By amending this language the University would have more opportunities to generate revenues from the operation of commercial enterprises and increase its ability to develop alternative revenue sources.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 731 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Halford.

SCRep. 26 Higher Education on H.B. No. 735

The purpose of this bill is to give the Research Corporation of the University of Hawaii (RCUH) more flexibility to include critical information in its Annual Report.

The University of Hawaii testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 735 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Halford.

SCRep. 27 Higher Education on H.B. No. 732

The purpose of this bill is to provide that the settlements of claims and judgments against the University of Hawaii (UH) be paid from moneys appropriated by the Legislature.

Testimony in support of this measure was received from UH. The State Attorney General submitted testimony in opposition to this measure but withdrew its opposition after hearing UH's testimony during the hearing.

Your Committee believes that the Committee on Judiciary and Hawaiian Affairs would be the appropriate committee to consider the legal issues raised in this measure. Therefore, your Committee made no substantive amendments to this measure.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 732 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Halford.

SCRep. 28 Higher Education on H.B. No. 733

The purpose of this bill is to:

- (1) Clarify how service of process can be made upon the University of Hawaii (UH);
- (2) Allow the university general counsel (general counsel) to represent and defend any member of the board of regents of UH;
- (3) Provide the general counsel the authority to deem what UH accounts are uncollectible and should be deleted from the accounts receivable records of the UH; and
- (4) Exempt UH from the requirements of obtaining prior approval from the Attorney General before acquiring title, right, or interest in real property.

Testimony in support of this measure was submitted by UH.

Your Committee believes that the Committee on Judiciary and Hawaiian Affairs would be the more appropriate committee to address the legal issues raised in this measure. Therefore, your Committee made no substantive amendments to this measure.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 733 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Halford.

SCRep. 29 Higher Education on H.B. No. 734

The purpose of this bill is to appropriate funds for the payment of judgments against, and settlements entered into by, the University of Hawaii (UH) for the satisfaction of claims against UH, its officers, and employees.

Testimony in support of this measure was received from UH.

Your Committee recognizes that the substance of this bill involves primarily legal issues, which is under the purview of the House Committee on Judiciary and Hawaiian Affairs, and therefore, your Committee took no substantive action on the measure.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 734 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Halford.

SCRep. 30 Health on H.B. No. 100

The purpose of this bill is to establish the Hawaii Autism Center of Excellence within the University of Hawaii School of Medicine and makes an appropriation to establish such a center.

Your Committee recognizes that autism is a highly complex neuro-biological disorder and that affected persons require focused support and services in order to achieve effective remediation of the disorder. Your Committee further understands that presently, no such multidisciplinary center exists in Hawaii, and that such a center would provide a means for continuing research, training, and coordination of services for persons suffering from this complex syndrome and may relieve the stress placed on the family by such an ailment.

Testimony in support of this measure was received from the Hawaii Psychiatric Medical Association, the Autism Society of America, and various citizens. The Department of Health, the University of Hawaii John A. Burns School of Medicine, the Autism Society of Hawaii, and the Hawaii Coalition for Health all offered testimony in support of the measure but made various recommendations to amend the bill regarding the funding for the center and the creation and makeup of the advisory committee responsible for advising the center on various matters. The Department of Education offered testimony in support of the measure but deferred to the University of Hawaii regarding funding priorities.

Although your Committee understands the concerns and amendment proposals by the various organizations, your Committee felt that further discussion regarding these amendment proposals was necessary and that those matters could be taken up by the Committee on Higher Education.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 100 and recommends that it pass Second Reading and be referred to the Committee on Higher Education.

Signed by all members of the Committee except Representatives Arakaki, Kahikina and Stonebraker.

SCRep. 31 Health on H.B. No. 515

The purpose of this measure is to establish the Tobacco Enforcement Special Fund and exempt the fund from central service surcharges and the reimbursement for departmental administrative expenses. The measure also revises the distribution of the tobacco settlement monies.

Testimony in support of this measure was received from the Office of the Attorney General.

Your Committee realizes that, through the Tobacco Master Settlement Agreement reached with the tobacco product defendants, payments are made to the State of Hawaii in perpetuity, subject to adjustments for factors such as market share loss, inflation, and volume loss. To date, the State has received approximately sixty million dollars from this settlement and anticipates yearly payments ranging in amounts between thirty five million and sixty million dollars. However, your Committee realizes that to ensure that the State of Hawaii is receiving all the moneys that it is entitled to under the Tobacco Master Settlement Agreement with the tobacco manufacturers, proper enforcement is needed, which is what this measure would allow. Thus, your Committee has decided to pass this measure unamended.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 515 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Auwae, McDermott and Yonamine.

SCRep. 32 Health on H.B. No. 648

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

Presently, a certified copy of a birth, death, marriage, or divorce certificate is necessary to conduct many personal, legal, and business transactions. Although verification of the official event may be required, the only current means of doing so are through actual, certified documents. Your Committee understands that this measure will allow for an alternative vehicle to be utilized to provide basic vital events information contained in the vital records section of the Department of Health. This should allow for more expeditious and expedient procession of information and be of benefit to the general public.

Testimony in support of this measure was received from the Department of Health. The State Council of Hawaiian Homestead Associations and the Department of Hawaiian Home Lands testified in support of the measure with some reservations. They felt that certified copies of the vital certificates, especially birth and death certificates, should continue to be given to persons of Hawaiian ancestry when necessary to apply for Hawaiian Homelands and other native Hawaiian rights and privileges.

In light of the testimony by the State Council of Hawaiian Homestead Associations and the Department of Hawaiian Home Lands, your Committee is in agreement with their concerns and would like for these organizations and the Department of Health, to continue in their collaborative efforts to ensure that certified copies of these vital records will be presented to clients of these organizations when requested.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 648 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Auwae, McDermott and Yonamine.

SCRep. 33 Health on H.B. No. 132

The purpose of this bill is to require employers with two or more employees to adopt a smoking policy. It also prohibits smoking in enclosed areas of state-owned or state-controlled workplaces and all state-owned or state-leased vehicles. However, dining areas of restaurants, bars, and hotel guest rooms are exempt from this measure as well as smoking in residential accommodations in buildings owned, leased, or rented by the State.

Your Committee recognized that:

- (1) Environmental tobacco smoke (ETS) is a major public health hazard;
- (2) The workplace exposed people to ETS four times greater than the typical household; and

- (3) Persons generally spent approximately one-third of their lifetime in the workplace.

Moreover, your Committee finds that existing state statute regarding smoking in the workplace, which was passed in 1987, is obsolete and may pose a significant health risk to workers.

Testimony in support of this measure was received from the Department of Health and the Department of Accounting and General Services. The Coalition for a Tobacco Free Hawaii supported the intent of the measure but was concerned that the measure did not adequately protect the worker from exposure to ETS. They believed that the bill should be strengthened to include all enclosed workplaces without exception.

The Hawaii Business League voiced its opposition to the bill feeling that current laws and regulations negatively impacted on smaller businesses and that these smoking policies and regulations were irrelevant, unenforceable, and increased workloads, especially on small businesses. The United Public Workers Union (UPW) also opposed this measure, as written, feeling that there was conflict with previously established collective bargaining agreements. However, the UPW did recommend that language regarding the collective bargaining agreements be added to this bill.

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

- (1) Deleting language that references an obsolete premise of accommodating smokers within an enclosed workplace since this language was contradictory to the protections proposed by the bill; and
- (2) Adding language to reflect the concerns of the UPW and their collective bargaining agreements.

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

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 132, H.D. 1, and be referred to the Committees on Economic Development and Business Concerns and Labor and Public Employment.

Signed by all members of the Committee except Representatives Yonamine and McDermott.
(Representative Stonebraker voted no)

SCRep. 34 Tourism and Culture on H.B. No. 18

The purpose of this bill is to exempt time shares located in Hawaii, but offered for sale outside of Hawaii, from being required to provide Hawaii's seven day cancellation period or a copy of Hawaii's disclosure statement. This bill's intent is to clarify that the sales laws of the jurisdiction in which the sale occurs will apply, but that Hawaii's sales disclosure and rescission laws would not apply.

Testimony in support of this measure was received from the American Resort Development Association, American Resort Development Association of Hawaii, Hilton Grand Vacations Company, and Resort Condominium International (RCI). The Department of Commerce and Consumer Affairs submitted testimony in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 18 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Case, Halford and Ontai.

SCRep. 35 Tourism and Culture on H.B. No. 20

The purpose of this bill is to eliminate the requirement for time share sales agents to register with the director of commerce and consumer affairs.

Testimony in support of this measure was received from the American Resort Development Association, American Resort Development Association of Hawaii, Hilton Grand Vacations Club, and Resort Condominium International (RCI). The Department of Commerce and Consumer Affairs testified in support of this measure and recommended an amendment to also eliminate the requirement that time share acquisition agents be registered with the Department if they are currently licensed as a real estate broker pursuant to Chapter 467.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 20, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 20, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Case, Halford and Ontai.

SCRep. 36 Human Services and Housing on H.B. No. 628

The purpose of this bill is to:

- (1) Clarify that higher education board allowances are available to include former foster children; and

- (2) Add a third party to the list of allowable recipients of payments of higher education board allowances.

Your Committee recognizes that the inclusion of the definition "former foster youth" clarifies that higher education board allowances are available to individuals who were formerly foster children, but are no longer children, nor a part of the foster care system.

Further, payments on behalf of the youth to another intermediary contracted by the Department of Human Services will facilitate the provision of this service when payment to the foster parent or institution of higher learning is not appropriate. This measure will better serve former foster children who pursue higher education.

Testimony in support of the measure was submitted by the Department of Human Services.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 628 and recommends that it pass Second Reading and be referred to the Committee on Higher Education.

Signed by all members of the Committee except Representative Takai.

SCRep. 37 Human Services and Housing on H.B. No. 95

The purpose of this bill is to appropriate funds for the Blueprint for Change program and existing neighborhood places.

The Blueprint for Change, Kapiolani Child Protection Center, Neighborhood Place of Kona, Good Beginnings Alliance, Family Support Services of West Hawaii, Communities in Schools of Hawaii Project, Waipahu Elementary, Hawaiian Electric Ohana Center, Waipahu UCC Preschool, Communities in Schools-HI Project of YMCA, Way of Truth Church, and concerned citizens submitted testimonies in support of this bill. The Department of Human Services and Office of Youth Services supported the intent of the bill.

Your Committee finds that the continual existence and funding of neighborhood places under the Blueprint For Change Program is in the best interest of abused and neglected children and their families.

Your Committee has amended this bill by changing the amount of the appropriation to \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 95, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 95, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 38 Human Services and Housing on H.B. No. 291

The purpose of this bill is to:

- (1) Maximize the availability of federally matched funds to sustain the QUEST Medical Assistance Program (Quest Program); and

- (2) Enables the Department of Human Services (DHS) to pay for QUEST services at federally qualified health centers at a rate not less than the amount paid to other providers in the same geographic area for comparable services.

Your Committee recognizes that the passage of this bill would result in additional funds to DHS through matching federal funds. In addition, this benefits federally qualified health centers (FQHCs) and rural health centers (RHCs) under the QUEST program by supplementing payments that are currently incurred by the FQHCs and RHCs.

Testimonies in support of this measure were submitted by the Hawaii State Primary Care Association, Kokua Council, and Waianae Coast Comprehensive Health Center (WCCHC). DHS supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Replacing the appropriation amount with \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 291, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 39 Human Services and Housing on H.B. No. 292

The purpose of this bill is to restore QUEST benefits to income-eligible legal immigrants and migrants during and three months after pregnancy with state-only funds.

The Hawaii State Primary Care Association, American Friends Service Committee, The Kokua Council and Healthy Mothers Healthy Babies Coalition of Hawaii submitted testimonies in support of this bill. The Department of Human Services supported the intent of the bill.

Your Committee finds that the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 restricted access to many public benefit programs for low-income immigrants in the U.S., and that this measure would restore QUEST eligibility for pregnant women who immigrated after 1996.

Your Committee has amended this bill by changing the amount of the appropriation to \$1 to facilitate continued discussion.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 292, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 292, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 40 Human Services and Housing on H.B. No. 340

The purpose of this bill is to abolish the cap on enrollment in the QUEST Medical Assistance Program (QUEST program).

Testimonies in support of this measure were received from the Hawaii State Primary Care Association, Healthcare Association of Hawaii, American Friends Service Committee, and the Salvation Army Kona Community Clinic. Testimony in opposition of this measure was received from the Department of Human Services.

Under current law, there is a cap imposed on the enrollment of individuals in the QUEST program. The Department of Human Services (DHS) claims that abolishing the cap could:

- (1) Increase expenditures causing noncompliance with federal budget neutrality provisions; and
- (2) Jeopardize the continuation of the program.

Further, without federal approval, only state funds would be used to continue QUEST. DHS also clarified that eligible individuals of high priority are accepted into the QUEST program even if the cap is in effect.

Other interest groups noted that people who would normally be eligible for QUEST have been declined assistance due to the cap. Moreover, the prevalence of those with health care insurance is considered to be a good indicator of community health, and by abolishing the cap, health care will be available to more qualified individuals.

Your Committee has amended this bill by inserting \$1 in the appropriation amount to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 340, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 41 Tourism and Culture on H.B. No. 21

The purpose of this bill is to repeal the requirement that time share agents wear identification badges while off premises and engaged in acquisition agent or sales agent activity.

The American Resort Development Association (ARDA), ARDA of Hawaii, Hilton Grand Vacations Club, and an employee of Resort Condominium International submitted testimony in support of this measure. The Department of Commerce and Consumer Affairs testified in opposition to the measure.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 21 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Case, Halford and Ontai.
(Representative Takumi voted no.)

SCRep. 42 Tourism and Culture on H.B. No. 23

The purpose of this bill is to give the Director of Commerce and Consumer Affairs (Director) greater latitude in determining appropriate disclosures for time share promotional literature and other printed or written material by:

- (1) Deleting the explicit disclosure content requirements for time share promotional literature and other printed or written material;
- (2) Specifying that the seven-day right of rescission disclosure be located above the signature line of the sales contract or, if no sales contract is used, above the signature line of any agreement with the purchaser; and

- (3) Giving the Director authority to adopt rules under the Administrative Procedure Law regarding disclosure for time share promotional literature and other written materials.

Supporting testimony was received from the Department of Commerce and Consumer Affairs (DCCA), the American Resort Development Association (ARDA), ARDA of Hawaii, Hilton Grand Vacations Club, and an employee of Resort Condominium International.

Your Committee has amended this bill by:

- (1) Giving greater latitude to DCCA regarding time share disclosure requirements by specifying that it is an unfair or deceptive practice to fail to disclose in time share promotional material that the product or activity involves time share;
- (2) Authorizing the Director to prescribe the nature of the disclosure by rule; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 23, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 23, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Case, Halford and Ontai.

SCRep. 43 Human Services and Housing on H.B. No. 544

The purpose of this bill is to continue the Housing and Community Development Corporation of Hawaii's three-year buyback provision until December 31, 2004, at which time the buyback returns to ten years.

The Housing and Community Development Corporation of Hawaii testified in support of this bill (HCDCH).

Your Committee finds that the original intent of the buyback restriction was to prevent homeowners from selling their units for speculation purposes and to preserve the affordability of HCDCH housing. With the changing economic climate, the ten-year buyback provision hinders the sale of "affordable" units in government-sponsored projects.

In 1998, Act 272, Session Laws of Hawaii 1998, reduced the buyback provision from ten to three years until December 31, 2000.

Your Committee finds that the three-year buyback provision should be continued to help stimulate the construction and sale of affordable housing units.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 544 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 44 Human Services and Housing on H.B. No. 545

The purpose of this bill is to authorize the issuance of revenue bonds of up to \$30,000,000 and appropriate the moneys for the Rental Housing Trust Fund (RHTF).

The Housing and Community Development Corporation of Hawaii, the Special Assistant to the Governor for Housing, RHTF Advisory Commission, Department of Community Services of The City and County of Honolulu, Affordable Housing and Homeless Alliance, Hawaii State Commission on the Status of Women, Hawaii Catholic Conference Elderly Services, Health Care for the Homeless Project, and Catholic Charities submitted testimony in support of this bill.

Your Committee finds that the revenue bonds will provide funds that will enable RHTF to continue to support the development of affordable rental housing.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 545 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 45 Human Services and Housing on H.B. No. 92

The purpose of this bill is to make an appropriation to provide sex abuse treatment, including psychological treatment and case management services for child victims of intrafamilial sexual abuse and their families who are not covered under the Child Protective Services System of the Department of Human Services (DHS).

The Judiciary, the Department of the Prosecuting Attorney of the City and County of Honolulu, Child Welfare Service States Advisory Council, Catholic Charities Family Services, the Friends of the Children's Advocacy Center of Oahu, Inc., and Hawaii Children's Justice Task Force submitted testimonies in support of this bill. DHS supported the intent of the bill.

Your Committee finds that intrafamilial child sexual abuse is traumatic for families and has long-lasting effects on the child victim, siblings, and protective parents.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 92, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 92, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 46 Energy and Environmental Protection on H.B. No. 1529

The purpose of this bill is to increase protection of Hawaii's waters by codifying the right of citizens to sue clean water law violators.

The Sierra Club, Hawaii Chapter, Hawaii Audubon Society, Life of the Land, and a concerned citizen submitted testimony in support of this measure.

The Department of Environmental Services of the City and County of Honolulu, County of Kauai, Hawaii Agriculture Research Center, and Land Use Research Foundation of Hawaii submitted testimony in opposition to the measure.

Hawaiian Electric Company and its subsidiaries, Maui Electric and Hawaii Electric Light Company submitted testimony questioning the necessity of the measure, inasmuch as the Department of Health and the U.S. Environmental Protection Agency vigorously administer the laws to protect the environment, and further, expressing its concern that the bill would precipitate lawsuits against facilities, including those that provide critical public services.

Your Committee finds that:

- (1) The bill's requirement that penalties imposed by the court be deposited in the Environmental Response Revolving Fund, or used, pursuant to the court's order, in beneficial mitigation, education, or protection projects, will remove the incentive to file an action for personal financial gains;
- (2) A comprehensive study by the Environmental Law Institute concluded that few citizen suits are filed frivolously; and
- (3) The purpose of this measure is a recognition of and a reasonable limitation and regulation of the people's constitutional right to enforce, through appropriate legal proceedings, their right to a clean and healthful environment.

Your Committee has amended this bill by:

- (1) Replacing the phrase "emission standard or limitation" throughout the bill with "rule or permit conditions," which is more reflective of the terminology in the State's clean water law; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1529, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1529, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Meyer.

SCRep. 47 Public Safety and Military Affairs on H.B. No. 705

The purpose of this bill is to exempt the Crime Victim Compensation Special Fund from the payment of central service expense fees and administrative expense fees.

Your Committee received testimony in support of this measure from the Crime Victim Compensation Commission and the Office of the Prosecutor of the City and County of Honolulu.

Your Committee finds that the Commission will be better able to serve the needs of crime victims if they are exempted from these fees. Your Committee also notes that many other exemptions for other entities have been established by the Legislature in the past.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 705 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 48 Public Safety and Military Affairs on H.B. No. 71

The purpose of this bill is to require that adult women charged with or convicted of crimes and juvenile females adjudicated for offenses that would be crimes if committed by an adult or who are adjudicated delinquents, be provided a range and quality of programming substantially equivalent to the range and quality offered to males.

Your Committee received testimony in support of this measure from the Department of Public Safety, the State Commission on the Status of Women, T.J. Mahoney and Associates, the Hawaii Substance Abuse Coalition, Volunteer Legal Services Hawaii, the Community Alliance on Prisons, the Associated Builders and Contractors, and several concerned citizens. Your Committee received testimony in support of the intent of this measure from the Office of Youth Services.

Your Committee finds that although much effort is being expended to improve services for female offenders it is appropriate that the Legislature make a strong statement to support, reinforce, and perpetuate the good work underway.

Your Committee has amended this measure by:

- (1) Changing from permissive to imperative the language in section 1 of the proposed new chapter;
- (2) Changing the references to "gender-specific" with "gender-responsive;"
- (3) Specifying that the Office of Youth Services is the correct agency to develop a comprehensive continuum of care for juvenile female offenders; and
- (4) Inserting an appropriation section for an unspecified amount to address the Department of Public Safety concerns regarding an unfunded mandate.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 71, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 71, H.D. 1, and be referred to the Committee on Human Services and Housing.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 49 Public Safety and Military Affairs on H.B. No. 74

The purpose of this bill is to require the Department of Public Safety to develop and implement gender-responsive community-based programs for women offenders.

Your Committee received testimony in support of this measure from the Department of Public Safety, the Community Alliance on Prisons, the Hawaii Substance Abuse Coalition, T.J. Mahoney and Associates, and several concerned citizens.

Your Committee finds that although much effort is being expended to improve services for female offenders, it is appropriate that the Legislature make a strong statement to support, reinforce, and perpetuate the good work underway.

Your Committee has amended this measure by:

- (1) Making the preamble language more gender-neutral wherever context allows;
- (2) Replacing references to "gender-specific" with "gender-responsive;"
- (3) Specifying that the gender-responsive programs are to be made available within the limits of money appropriated;
- (4) Replacing provisions concerning equity with programs for males with provisions specifying that an appropriate range of programming for women be made available;
- (5) Clarifying that the criteria for program models designed under the bill shall not be limited to those needs delineated in the bill;
- (6) Adding two additional criteria to the list of needs served by the program models. First, to include appropriate treatment and, second, to provide assistance for offenders needing marketable job skills; and
- (7) Making other technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 74, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Djou and Rath.

SCRep. 50 Agriculture on H.B. No. 210

The purpose of this bill is to provide funds to:

- (1) Promote cost sharing of agricultural research between the public and private sectors; and
- (2) Assist in maintaining current minimum levels of agricultural research and development at the Hawaii Agriculture Research Center (HARC).

University of Hawaii College of Tropical Agriculture and Human Resources, HARC, Hawaii Farm Bureau Federation, Hawaii Forest Industry Association, Pineapple Growers Association of Hawaii, Gay & Robinson, Inc., Maui County Farm Bureau, Hawaiian Commercial & Sugar Company, Kauai Coffee, and Garst testified in support of the measure. The Department of Agriculture submitted comments on the measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount from \$1,000,000 to \$1 for each of the 2001-2002 and 2002-2003 fiscal years; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 210, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 210, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Leong.

SCRep. 51 Agriculture on H.B. No. 211

The purpose of this bill is to implement short-term control methods to stop the spread of fireweed by appropriating funds for this purpose.

Your Committee notes that fireweed is an extremely poisonous weed, that, when ingested is poisonous to cattle, horses, and other livestock. Fireweed is also a serious threat to the State's native Hawaiian plant ecosystems. Your Committee recognizes that this appropriation in and of itself is not a long-term solution to eradicating fireweed, but rather would help contain the spread of this noxious weed.

The Chair, Vice-Chair, and a council member of Maui County Council, Parker Ranch, Haleakala Ranch, Hawaii Cattlemen's Council, Inc., Hawaii Agriculture Research Center, Pineapple Growers Association of Hawaii, Hawaii Farm Bureau Federation, Big Island Farm Bureau, and the Maui County Farm Bureau testified in support of this measure. The Department of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources submitted comments on this measure.

Your Committee has amended this bill by changing the appropriation amount from \$50,000 to \$1 for each of the 2001-2002 and 2002-2003 fiscal years. Technical, nonsubstantive amendments were also made for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 211, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 52 Agriculture on H.B. No. 215

The purpose of this bill is to appropriate funds for pineapple research.

The Hawaii Farm Bureau Federation, Pineapple Growers Association of Hawaii, Hawaii Agriculture Research Center, and the Maui County Farm Bureau testified in support of this measure. The Department of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources submitted comments on the measure.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 215 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 53 Economic Development and Business Concerns on H.B. No. 431

The purpose of this bill is to support the growing "new economy" by appropriating funds for the Hawaii Manufacturing Extension Program (Program), provided that funds are matched by federal funds.

Oils of Aloha, Hawaii Technology Trade Association, Hawaii Manufacturing Extension Partnership, Oahu Economic Development Board, and a concerned individual submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent of the bill.

Your Committee finds that this Program has already made a significant impact on our economy by providing small and medium sized manufacturers with technical, marketing, and productivity support.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 431 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 54 Economic Development and Business Concerns on H.B. No. 445

The purpose of this bill is to appropriate funds to support the activities of the Pacific Congress on Marine Science and Technology International(PACON International), provided that PACON International matches the appropriation dollar-for-dollar.

PACON International and a concerned individual submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism, University of Hawaii School of Ocean and Earth Science and Technology submitted testimony in support of the intent of this bill.

Your Committee commends PACON International for organizing and hosting major international conferences featuring internationally prominent scientists, technologists, and policy makers dedicated to marine science, technology, and policy in the Pacific Basin. These conferences provide members of the Pacific Basin community with the opportunity to share state-of-the-art research and technology.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 445 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 55 Economic Development and Business Concerns on H.B. No. 697

The purpose of this bill is to repeal chapter 206P, Hawaii Revised Statutes, otherwise known as the Hawaii Telecommunications and Information Industries Act.

Testimony in support of this measure was submitted by the Office of the Lieutenant Governor and the Department of Budget and Finance.

Chapter 206P, Hawaii Revised Statutes, established the Hawaii Information Network Corporation (Hawaii INC.) to encourage the development of the information industry. Your Committee finds that since July of 1995, Hawaii INC. was officially closed because of lack of funding. Your Committee further finds that there are no plans to resurrect or fund Hawaii INC. The administrative rules relating to chapter 206P were eliminated by Act 283, Sessions Laws of Hawaii 2000.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 697 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Davis.

SCRep. 56 Tourism and Culture on H.B. No. 22

The purpose of this bill is to exclude employees or contractors of licensed real estate brokers from time share plan registration requirements under chapter 514E, Hawaii Revised Statutes (HRS).

The American Resort Development Association (ARDA), ARDA of Hawaii, Hilton Grand Vacations Club, and an employee of Resort Condominium International submitted testimony in support of the measure. The Department of Commerce and Consumer Affairs also testified in support of the measure, but with suggested amendments.

Your Committee has amended this bill by:

- (1) Excluding employees or contractors of time share acquisition agents who are not licensed as real estate brokers from time share registration requirements under chapter 514E, HRS; and
- (2) Specifying that time share acquisition agents and sales agents under chapter 514E, HRS, are responsible for the actions of their employees and contractors.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 22, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 22, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Case, Halford and Ontai.

SCRep. 57 Tourism and Culture and Economic Development and Business Concerns on H.B. No. 1497

The purpose of this bill is to require promoters to provide the chief of police advance notice of major commercial events so that provision may be made for the safety of the general public and the surrounding community.

The Honolulu Police Department testified in support of this bill. The Stadium Authority provided comments on this bill.

As affirmed by the records of votes of the members of your Committees on Tourism and Culture and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1497 and recommend that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Davis.

SCRep. 58 Energy and Environmental Protection on H.B. No. 1345

The purpose of this bill is to encourage the use of transportation fuels, other than fossil fuel, by:

- (1) Lowering the fuel tax on alternative fuels by calculating the tax on the basis of the energy content of the alternative fuel, as compared to diesel fuel; and
- (2) Authorizing the county fuel tax to be proportional to the energy contents of the fuel, as determined by their lower heating value, times one-half.

The Gas Company submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism, and Life of the Land submitted testimony supporting the intent of the bill. The Department of Taxation and Tax Foundation of Hawaii submitted comments to the bill.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1345, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1345, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Meyer.

SCRep. 59 Energy and Environmental Protection and Water and Land Use on H.B. No. 1387

The purpose of this bill is to promote the use of recycled water by requiring all state and county facilities and improved commercial property using potable water irrigation systems to connect to an available recycled water service that is within 100 feet of the property line.

The Department of Health, Department of Accounting and General Services, and Hawaii Water Environment Association submitted testimony in support of the bill. Life of the Land submitted testimony supporting the intent of the bill. The Land Use Research Foundation of Hawaii submitted testimony expressing its concerns on the bill.

Your Committees have amended the bill by:

- (1) Substituting the phrase "for single family or duplex purposes" with "residential purposes" to clarify that a property used for residential purposes is exempted from the bill's requirement to use recycled water;
- (2) Correcting the misspelling of "RECYCLED" in the title;
- (3) Changing the effective date to July 1, 2002; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1387, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1387, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 60 Higher Education on H.B. No. 159

The purpose of this bill is to authorize the Hawaiian Language College (College) of the University of Hawaii at Hilo (UH-Hilo) to contract directly with providers when conducting business in the Hawaiian language, rather than having to conduct such business through the Research Corporation of the University of Hawaii (RCUH).

The Office of Hawaiian Affairs, Aha Punana Leo, and concerned individuals supported this bill. UH-Hilo opposed this bill.

Your Committee finds that allowing the College to contract directly with providers that can conduct business in the Hawaiian language facilitates the College's goal of promoting the Hawaiian language. Although a young entity, the College has drawn national and international attention. The College must have the freedom to strengthen and promote Hawaiian language use throughout the State.

Your Committee has amended this bill by removing specific reference to Aha Punana Leo, Inc., as a service provider.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 159, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Abinsay, Arakaki, Kahikina and Halford.

SCRep. 61 Human Services and Housing on H.B. No. 546

The purpose of this bill is to allow "owner-builders" to be eligible for the Downpayment Loan Program (Program).

The Housing and Community Development Corporation of Hawaii and the Self-Help Housing Corporation of Hawaii submitted testimony in support of this bill.

Your Committee finds that this bill will enable owner-builders to purchase their homes by using their contributed sweat equity to satisfy the program's minimum three per cent downpayment requirements.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 546 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 62 Human Services and Housing and Health on H.B. No. 86

The purpose of this bill is to continue coordination and implementation of the Good Beginnings Alliance (GBA) initiative by making an appropriation to be matched by private funds.

The Office of the Lieutenant Governor, the Department of Human Services, GBA, Native Hawaiian Early Childhood Consortium, and other concerned individuals testified in support of this bill.

Your Committees recognize that GBA provides quality childhood education and care services and that the GBA's primary purpose is to increase and maximize resources for quality services for young children and their families. Your Committees also recognize that by appropriating funds to the GBA, these funds will be matched by private sources.

Your Committees agree with the Lieutenant Governor that the GBA has been a catalyst in the development and coordination of quality childhood education and care services. Further, your Committees support the Director of Human Services' belief that GBA should be dealt with under chapter 42F, Hawaii Revised Statutes, dealing with grants and subsidies.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 86 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott and Stonebraker.

SCRep. 63 Energy and Environmental Protection on H.B. No. 1346

The purpose of this bill is to:

- (1) Consolidate chapter 150A (Plant and Non-domestic Animal Quarantine) and chapter 152 (Noxious Weed Control) into a new chapter (Plant and Animal Protection);
- (2) Make state law more consistent with the federal law; and
- (3) Protect Hawaii from plant pests, noxious weeds, and invasive species.

The Nature Conservancy of Hawaii, Pineapple Growers Association of Hawaii, and Hawaii Audubon Society submitted testimony in support of the bill.

The Department of Agriculture (DOA) submitted testimony setting forth its basis for opposing the bill and recommending deferment to the next legislative session, including:

- (1) The federal regulations resulting from the federal laws that this bill is modeled upon is expected, at the earliest, to be available for public comment in June 2001; and
- (2) More time is required to carefully study the legal, practical, and other consequences of this bill, (including the ramifications of federal preemption of state laws), which makes major changes to Hawaii's laws. DOA's preliminary review of the bill has found inconsistencies and omissions.

Your Committee finds that the objectives and merits of this measure, and the protection of Hawaii's fragile environment warrant further consideration of this bill in the present session. By passing this measure out, your Committee intends to give DOA the opportunity to identify and resolve as many of its concerns during this session as possible.

Your Committee has amended this bill by:

- (1) Deleting the federal members from the Coordinating Committee On Alien Pest Species, since they cannot be statutorily compelled to membership. In lieu thereof, the amendment mandates that the federal members be invited to participate in the coordinating Committee's powers and duties;
- (2) Increasing the coordinating Committee's membership that represent conservation organizations from two to three members; and
- (3) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1346, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1346, H.D. 1, and be referred to the Committee on Agriculture.

Signed by all members of the Committee except Representative Meyer.

SCRep. 64 Economic Development and Business Concerns on H.B. No. 422

The purpose of this bill is to help Hawaii businesses transition to a technology-based economy by appropriating funds for a New Economy Transition Program (Program).

The Chamber of Commerce of Hawaii and Honolulu Japanese Chamber of Commerce submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent of this bill.

Your Committee finds that the Program will benefit Hawaii businesses by providing greater access to technology programs and sources of funding, increased productivity and efficiency, and the ability to compete both locally and globally.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 422 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 65 Economic Development and Business Concerns on H.B. No. 427

The purpose of this bill is to accelerate the phase-in of the depyramiding of the general excise tax (GET) schedule from 0.5 percent per year to 1.0 percent per year.

Your Committee notes that Act 71, Session Laws of Hawaii 1999, provided for a phased-in reduction of the GET, beginning with calendar year 2000, over a seven-year period. This bill would speed up the phase-in of the reduction of the GET so that depyramiding of the GET would end in calendar year 2003 instead of calendar year 2006.

While your Committee is carefully examining the merits of each "tax cut" bill with regard to strengthening the state economy, your Committee is also taking a broader look at the implications of all of these bills in toto. It is also the intent of your Committee to pass out those "tax cut" bills that have merit to provide the House Committee on Finance with enough latitude and legislative options to help the economy.

The Chamber of Commerce of Hawaii, Hawaii Attractions Association, and Retail Merchants of Hawaii testified in support of this bill. The Department of Taxation and the Department of Budget and Finance testified in opposition to the bill. The Tax Foundation of Hawaii submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 427 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 66 Economic Development and Business Concerns on H.B. No. 428

The purpose of this bill is to reduce the corporate income tax and franchise tax rates.

While your Committee is carefully examining the merit of each "tax cut" bill with regard to strengthening the state economy, your Committee is also taking a broader look at the implications of all of these bills in toto. It is also the intent of your Committee to pass out those "tax cut" bills that have merit to provide the House Committee on Finance with enough latitude and legislative options to help the economy.

The Hawaii Business Roundtable, Hawaii Bankers Association, and the Chamber of Commerce of Hawaii testified in support of this measure. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on this measure. The Department of Budget and Finance and Kokua Council submitted testimony in opposition to the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 428 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 67 Economic Development and Business Concerns on H.B. No. 408

The purpose of this bill is to make an appropriation to study the feasibility of establishing a technology-focused, community-based center in Waialua town.

The High Technology Development Corporation, Waialua High and Intermediate School, Hui Kalo Waialua, Friends for Waialua Town, A New Empowered Waialua, Mokuleia Community Association, Pioneer Hi-Bred International, Inc., and concerned citizens submitted testimony in support of this bill.

Your Committee finds that Waialua town will benefit from a technology-focused center by providing local businesses and residents with the tools and resources to become more competitive in today's technological workforce.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 408, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 408, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 68 Higher Education on H.B. No. 604

The purpose of this bill is to:

- (1) Remove the residency requirement for Hawaii National Guard (Guard) members who wish to obtain tuition assistance to attend the University of Hawaii (UH); and
- (2) Exempt the Adjutant General from chapter 91, Hawaii Revised Statutes, when developing policies to award tuition assistance for Guard members.

The University of Hawaii and Department of Defense supported this bill.

Your Committee believes that the removal of the residency requirement will allow the Guard to help recruit personnel. Currently, active duty military services personnel have an advantage over the Guard members since active duty non-resident members attending UH are allowed to pay the resident tuition rate.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 604 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford, McDermott and Stonebraker.

SCRep. 69 Energy and Environmental Protection on H.B. No. 436

The purpose of this bill is to exempt publicly-owned public utilities from the public service company tax.

The Consumer Advocate, the County of Kauai, the Tax Foundation of Hawaii, the Kauai Island Utility Cooperative (KIUC), and a concerned citizen testified in support of this bill. The Department of Taxation of Hawaii testified in opposition.

Your Committee finds that exempting a publicly-owned utility from the public service company tax is an issue which could be more effectively resolved by the subsequent committees.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 436 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Ito and Jaffe.

SCRep. 70 Energy and Environmental Protection on H.B. No. 736

The purpose of this bill is to require that existing collective bargaining agreements remain in effect when an electrical generation and distribution operation is purchased or acquired.

The County of Kauai and the International Brotherhood of Electrical Workers testified in favor of this bill. The United Public Workers testified in opposition to this bill.

Your Committee finds that this bill is intended to resolve any issues that may arise as a result of the purchase of Kauai Electric by the County of Kauai.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 736 and recommends that it pass Second Reading and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Ito and Jaffe.

SCRep. 71 Energy and Environmental Protection on H.B. No. 1254

The purpose of this bill is to protect Hawaii's drinking water and groundwater resources from methyl tertiary-butyl ether (MtBE) contamination that is a probable animal and possible human carcinogen, by requiring that the MtBE volume per cent in the gasoline be reduced to not greater than:

- (1) 0.3 starting July 1, 2001;
- (2) 0.15 starting December 31, 2003; and
- (3) 0.00 on December 31, 2004.

The Department of Health submitted testimony in support of this measure. Aloha Petroleum, Ltd. (Aloha) submitted testimony supporting the intent of the measure, but expressed concern regarding the MtBE reduction requirements because unlike the two major refineries in Hawaii (Chevron and Tesoro), Aloha imports refined gasoline from various refineries, which may contain trace amounts of MtBE, notwithstanding that the refineries have been instructed not to add MtBE to the gasoline supplied to Aloha. The refineries may have in its systems trace amounts of MtBE from other gasoline having passed through its systems.

Your Committee has amended the bill by:

- (1) Revising the MtBE reduction schedule as follows:
 - (A) 0.4 starting July 1, 2001;
 - (B) 0.3 starting January 1, 2003; and
 - (C) 0.15 on January 1, 2004;
- (2) Deleting the definition of "ASTM"; and
- (3) Making technical, nonsubstantive amendments for purposes of consistency, style, and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1254, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Meyer.

SCRep. 72 Agriculture on H.B. No. 508

The purpose of this bill is to:

- (1) Allow the Department of Agriculture to determine irrigation system expenses and revenues in June of each year; and

- (2) Allow user notices to be sent through various means in lieu of costly registered mail.

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

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 508 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 73 Agriculture on H.B. No. 509

The purpose of this bill is to allow state secondary standards to be verified by comparison to standards, other than the state standards, upon written authorization from the administrator of the Quality Assurance Division.

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

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 509 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 74 Higher Education on H.B. No. 1411

The purpose of this bill is to allow the Secondary Market Services Corp.--Hawaii (SMS-Hawaii) to acquire student loan notes held by brokers outside of the State, as well as from local financial institutions.

The University of Hawaii, SMS-Hawaii, Pacific Financial Aid Association, HawaiiUSA Federal Credit Union, Hawaii Credit Union League, and American Savings Bank supported this bill.

Your Committee finds that SMS-Hawaii, a nonprofit corporation formed in 1992 at the request of the Legislature and the Governor, helps to ensure that the supply of private capital for low interest education loans is continually replenished by purchasing loans from lenders, who can then reinvest in new education loans. Since only 45 percent of loans to students in Hawaii are from local financial institutions, deleting language restricting SMS-Hawaii would enable it to offer its benefits to all of Hawaii's students regardless of the lending institution.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1411 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Halford, McDermott and Stonebraker.

SCRep. 75 Tourism and Culture on H.B. No. 16

The purpose of this bill is to exempt an owner of a time share interest who refers a prospective purchaser to a developer, sales agent, or resales agent of a time share plan from the requirement of being a licensed real estate broker or salesperson if the person receives a fee of not more than \$1,000.

Testimony in support of this measure was received from the American Resort Development Association, American Resort Development Association of Hawaii, Hilton Grand Vacations Club, and Resort Condominium International (RCI). The Department of Commerce and Consumer Affairs Real Estate Commission provided testimony that opposes this bill because this act of referral may be considered real estate brokerage activity under Hawaii's broker licensing law, Chapter 467.

However, your Committee realizes that it has become an accepted practice in the time share industry to encourage owners of time share interests to refer their friends, family, and other contacts to a developer for purposes of purchasing a time share interest and receive some form of incentive for the referral. This bill seeks to permit this activity without all such owners having to be licensed under Hawaii's broker licensing laws, provided that compensation does not exceed \$1,000 a year.

Discussion revealed that the owners are not compensated with cash but usually in the form of credit towards their maintenance fee, and that they would still have to pay the general excise tax on such awards. It was also not clear if only \$1,000 total compensation could be collected, or whether this would apply on a per project/developer basis. To that end, your Committee has amended this bill to clarify that compensation is non-monetary and is applicable per project within a twelve-month calendar period.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 16, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 16, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Halford, Leong and Ontai.

SCRep. 76 Tourism and Culture on H.B. No. 17

The purpose of this bill is to exempt time share units from the following disclosure requirements:

- (1) The developer's supplementary public report to the Real Estate Commission (Commission);
- (2) The developer's disclosure abstract to prospective initial purchasers; and
- (3) The developer's public report to prospective purchasers that are applicable to condominium apartment sales.

The American Resort Development Association (ARDA), ARDA of Hawaii, Hilton Grand Vacations Company, and an employee of Resort Condominium International submitted testimony in support of the measure. The Commission submitted comments on the measure.

Your Committee notes that current disclosure requirements to buyers of time share properties are duplicative. This bill seeks to eliminate these duplicative disclosure requirements for these buyers by amending those requirements under the Condominium Property Regimes Law.

Your Committee has amended this bill by adding a provision that requires a developer to register with the Commission prior to the time when the developer offers or proposes to offer for sale a time share plan located in a condominium project where apartments are to be sold for the first time.

Technical, nonsubstantive amendments were also made for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 17, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 17, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Halford, Leong and Ontai.

SCRep. 77 Legislative Management on H.B. No. 826

The purpose of this bill is to provide salary adjustments for the directors and assistants of the State Auditor (Auditor), Legislative Reference Bureau (LRB), and the Office of the Ombudsman (Ombudsman).

The Auditor, LRB, and the Ombudsman submitted testimony in support of this bill.

Although the request for salary adjustments for these agency heads are being made at a difficult fiscal time, your Committee finds that these agency heads have not had salary adjustments for eleven years. Therefore, your Committee believes that a salary adjustment is long overdue and should be made to ensure equity and fairness.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 826 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 78 Legislative Management on H.B. No. 1012

The purpose of this bill is to propose an amendment to the Hawaii Constitution to provide that candidates for state legislative office must be qualified voters in the district they seek to represent prior to filing nomination papers for the primary election.

The Office of Elections, the League of Women Voters of Hawaii, Common Cause Hawaii, and a concerned individual testified in support of this bill.

Your Committee finds this bill would ensure that candidates are knowledgeable, concerned, and connected by their residency to the community they wish to serve.

Your Committee further finds that this bill may raise constitutional issues, which the Committee on Judiciary and Hawaiian Affairs may be better able to address.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1012 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.
(Representative Gomes voted no.)

SCRep. 79 Legislative Management on H.B. No. 1095

The purpose of this bill is to:

- (1) Allow the Hawaii State Ethics Commission (Commission) to determine the salary of its executive director; and
- (2) Remove the restriction that the salary of the executive director shall not exceed that of a deputy director under section 26-53, Hawaii Revised Statutes (HRS).

Testimony in support of this measure was received from the Commission, the League of Women Voters of Hawaii, and Common Cause Hawaii. The United Public Workers submitted testimony in opposition to this measure.

One testifier observed that the executive director of the Commission may already be adequately compensated for his position, given his duties and responsibilities, and the number of staff employed under him. Your Committee also learned that an associate director's position is also staffed in the Commission. That person's salary exceeds that of its executive director and salaries of deputy directors in the executive branch of government.

Your Committee learned that Chapter 89C, HRS, via a memorandum of agreement among the legislative agencies determines the salaries of all employees other than the executive director of the Commission. This may explain why the Commission allowed the associate director's salary to rise above that of its executive director. What became puzzling was testimony which stated that the Board of the Commission sets salaries of all staff except the executive director. This apparent conflict should be investigated by the next committee in addition to the original legislative intent since 1982 which limited the director's salary to that of a deputy director of the executive branch of government. In spite of these uncertainties which we hope will be cleared up as the bill moves along, your Committee felt that the purpose of this bill appears to reflect a fair and reasonable public policy.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1095 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 80 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 47

The purpose of this bill is to reduce the cost of prescription drugs for persons without drug coverage under health insurance plans or public programs. This measure establishes a Prescription Drug Access Program (PDAP), administered by the State Health Planning and Development Agency (SHPDA), with advice by the newly created Prescription Drug Advisory Commission composed of consumers, pharmacists, and representatives of government agencies.

Your Committees find that under PDAP, SHPDA negotiates rebates with prescription drug manufacturers and labelers who participate in PDAP as a prerequisite to participation in the Medicaid program. Pharmacists pass the rebates on to program participants in the form of drug discounts. PDAP beneficiaries present a prescription for a covered medication and a PDAP membership card. The pharmacist collects the PDAP discount price and a pharmacy copayment amount, then bills the State for the PDAP price plus a dispensing fee, less the copayment collected. The State reimburses the pharmacy on a quarterly basis and informs the manufacturer of the amount of medication prescribed and filled under the program. The manufacturer then reimburses the State for the agreed rebate, which is deposited into a PDAP account in the SHPDA Special Fund and expended to reimburse pharmacists for PDAP discounts.

This measure also authorizes SHPDA to evaluate drug prices and set maximum prices when the public health and welfare is endangered. Manufacturers, labelers, and distributors who charge unconscionable prices or discriminate unreasonably in distributing prescription drugs are subject to civil penalties.

The Legislative and Government Affairs Committee of the Office of Hawaiian Affairs, ILWU Local 42, and the Policy Advisory Board for Elder Affairs testified in support of this measure. Testimony supporting the intent of the bill and expressing concern about its various components was submitted by the State Health Planning and Development Agency, Department of Human Services, Executive Office on Aging, and the Hawaii Pharmacists Association. The Pharmaceutical Research and Manufacturers of America opposed the bill.

Your Committees find that this measure innovatively addresses the problem of escalating prescription drug prices which leave consumers on limited or fixed incomes with the difficult choice between spending for essential living expenses, such as rent and food, or buying prescribed medication. Upon examination of this bill, however, your Committees agree with the Department of Human Services' concerns that conditioning Medicaid eligibility on participation in PDAP might have the undesired effect of driving drug companies out of Hawaii's comparatively small Medicaid and PDAP market, to the detriment of both groups of consumers.

For this reason, your Committees have amended this measure by making PDAP a voluntary program, and by removing civil penalties and SHPDA's authority to set maximum prices. As amended, PDAP enables those without medical coverage to combine their purchasing power as do beneficiaries of Medicaid and group health insurance. PDAP beneficiaries thereby obtain the leverage needed to negotiate reduced prescription drug prices with voluntarily participating drug companies.

Although your Committees heard concerns that PDAP would require the state to subsidize "premiums" or pay other program costs, your Committees believe that these concerns reflect a misunderstanding of the program. Your Committees intend that the entire program, including its administrative costs, be financed by rebates negotiated under PDAP. In addition, no premiums are involved because the sole purpose of PDAP is to enable individuals without drug coverage to operate as a group and negotiate group discounts on prescription drugs.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 47, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 47, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Morita, and Kanoho.

SCRep. 81 Transportation on H.B. No. 519

The purpose of this bill is to limit the liability for highway accidents imposed on the State and counties by the Hawaii Supreme Court in Taylor-Rice v. State, 91 Haw. 60, 979 P.2d 1086 (1999), by relieving the State and the counties from the duty to make a highway reasonably safe for:

- (1) Vehicles traveling in excess of ten miles over the speed limit or the speed advisory, whichever is less; or
- (2) A vehicle operated by an individual under the influence of drugs or intoxicating liquor.

The bill further provides that the government's duty to make its highways reasonably safe extends only to drivers who exercise reasonable care in driving, and specifically excludes drivers who:

- (1) Fall asleep at the wheel;
- (2) Are intoxicated;
- (3) Fail to exercise reasonable care in driving; or
- (4) Otherwise lose control of their vehicle.

The Department of the Attorney General, Honolulu Police Department, and Department of the Corporation Counsel of the City and County of Honolulu submitted testimony in support of this measure. Verizon Hawaii and the Consumer Lawyers of Hawaii submitted testimony in opposition to the bill.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 519 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Garcia.

SCRep. 82 Transportation and Water and Land Use on H.B. No. 728

The purpose of this bill is to give the Airports Division of the Department of Transportation (DOT) greater flexibility in developing its lands and facilities.

Current law allows public lands to be leased up to 35 years for airline, aircraft, and other operational classifications. By adding the classification of "airport related" operations and defining the term to mean a purpose or activity that requires air transportation to achieve that purpose or activity, this bill permits the Airport Division more flexibility in leasing land and facilities to non-aeronautical entities.

DOT submitted testimony in support of this measure.

As affirmed by the records of votes of the members of your Committees on Transportation and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 728 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Yoshinaga and Ito.
(Representatives Moses and Meyer voted no.)

SCRep. 83 Water and Land Use and Legislative Management 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 an unspecified amount of funds for the Office of the Auditor to complete the public land trust information system. The Office of Hawaiian Affairs is to match the appropriations on a dollar-for-dollar basis.

Your Committees find that pursuant to Act 125, Session Laws of Hawaii 2000, the Office of the Auditor hired a consultant to assist in developing an estimate of the cost necessary to establish the information system. The funding amount is expected to be available in the near future.

The Office of the Auditor supported the intent of this measure.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Legislative Management that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 186 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Morita, Luke and Halford.

SCRep. 84 Water and Land Use on H.B. No. 443

The purpose of this bill is to support the efforts of the Hawaii Forestry and Communities Initiative (HFCI) in diversifying Hawaii's economy with sustainable forest practices by appropriating \$200,000 to be matched with federal funds.

HFCI represents the State's focal point for forest industry expansion and community capacity building in Hawaii. However, since its inception in 1997, funding for HFCI has lagged. To date, the State has authorized far less than the required 50 percent match for U.S.D.A. Forest Service Rural Development grants. Of the \$1,250,000 in federal funds granted to HFCI since 1997, the State has provided matching funds totaling only \$350,000.

Testimony in support of this measure was submitted by the Department of Hawaiian Home Lands, the Department of Agriculture, the Hawaii Forest Industry Association, and the Hawaii Leeward Planning Conference. The Department of Land and Natural Resources supported the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 443 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Schatz.

SCRep. 85 Water and Land Use on H.B. No. 536

The purpose of this bill is to correct a technical problem pertaining to the Office of Planning's review and approval of special management area (SMA) permits and shoreline setback variances in community development districts.

Currently, the Office of Planning has no basis for granting these approvals in community development districts such as the Hamakua Community Development District where no community development plan has been developed and approved. Such plans serve as a basis for decision-making and actually supercede the county general plan and zoning.

This bill corrects the problem by allowing the counties to continue administering SMA permits and shoreline setback variances in community development districts until a community development plan is developed and approved.

The Office of Planning, the Hawaii Community Development Authority, and the County of Hawaii Planning Department testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 536 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 86 Water and Land Use on H.B. No. 693

The purpose of this bill is to facilitate the recording process in the Bureau of Conveyances by:

- (1) Clarifying recording requirements; and
- (2) Specifying that fees collected pursuant to section 502-17(a), Hawaii Revised Statutes, are to be deposited into the Bureau of Conveyances Special Fund.

The Department of Land and Natural Resources submitted testimony supporting this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 693 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 87 Water and Land Use on H.B. No. 685

The purpose of this bill is to:

- (1) Raise the value of unauthorized vessels impounded by the Department of Land and Natural Resources (Department) and abandoned and derelict vessels taken into custody of the Department that must be sold by public auction; and
- (2) Provide the owner, operator, or recorded lien holder of abandoned and derelict vessels an opportunity for an administrative hearing to contest the basis for taking custody of the vessel prior to its disposition.

Your Committee received testimony in support of this bill from the Department.

Your Committee believes that this bill will reduce costs and staff time involved in the disposition of unauthorized, abandoned, and derelict vessels.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 685 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito and Schatz.

SCRep. 88 Water and Land Use on H.B. No. 537

The purpose of this bill is to increase the Hawaii Community Development Authority's (HCDA) tax-exempt public facilities revenue bond authorization from \$35,000,000 to \$150,000,000.

Your Committee received testimony in support of this bill from HCDA.

Your Committee finds that the increased bond authorization will enable public facilities to be funded in the future.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 537 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Bukoski, Jaffe and Thielen voted no.)

SCRep. 89 Water and Land Use on H.B. No. 554

The purpose of this bill is to authorize the issuance of special facility revenue bonds for eligible projects, including an Ocean Science Center (Center), in the Kakaako community development district.

The Hawaii Community Development Authority (HCDA) and the Office of the Governor submitted testimony supporting this measure.

Your Committee finds that the Center envisioned by this bill will be an anchor to Kakaako Makai, a center for cultural, recreational, commercial, educational, and research activities. To build a facility of this nature, a mix of financing will be required, including general obligation bonds, private donations, and special facility revenue bonds.

This bill will enable HCDA to issue special facility revenue bonds for this purpose. According to the testimony from the Office of the Governor, a nonprofit corporation will oversee the plans and development of the Center and be responsible for any debt service related to the revenue bonds.

Based on the recommendations of the Office of the Attorney General, your Committee has amended this bill by:

- (1) Specifying that HCDA, with the Governor's approval, is authorized to issue special facility revenue bonds not exceeding \$20,000,000 for fiscal biennium 2001-2003 for constructing, furnishing, and equipping the Center in Kakaako;
- (2) Authorizing HCDA to issue refunding special facility revenue bonds for the Center; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 554, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Bukoski, Jaffe and Thielen voted no.)

SCRep. 90 Water and Land Use on H.B. No. 531

The purpose of this bill is to protect the public from the filing of frivolous and invalid lien claims by:

- (1) Requiring that a claim of lien against a private party must be accompanied by a certified court order to be valid; and
- (2) Clarifying the circumstances when a notice of invalid lien may be appropriate to be filed.

Your Committee finds that the filing of invalid liens can have a disruptive effect on property interests and title. When these invalid liens appear on title searches and other disclosures, they are costly and time-consuming to expunge. They may also obstruct a property owner's ability to transfer title or obtain title insurance and financing.

The Department of Land and Natural Resources and the State Attorney General testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 531 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 91 Water and Land Use on H.B. No. 687

The purpose of this bill is to enhance the ability of the Department of Land and Natural Resources (DLNR) to dispose of public lands more cost effectively. This bill changes the public notice requirements for auctions, drawings, direct negotiation, exchanges, quitclaim, submerged and reclaimed lands, reservations, and easements from three successive weeks in both a statewide and county publication to once or twice in either a statewide or local publication.

Currently, the costs of these public notices are high. Approximately 60 parcels were auctioned over the past four years, with the average public notice costing \$654. This average cost represented 116 percent of the upset annual lease rent. This means that the average bidder was required to pay more than one year's worth of additional rent just to cover the public notice costs.

DLNR has found other marketing techniques to be more effective in reaching qualified bidders. For example, each land district is required to maintain a listing of individuals interested in state land auctions. These individuals are mailed notices for each auction. In addition, DLNR has posted "for auction" signs on the property to be auctioned, and is considering the posting of these properties on DLNR's website.

DLNR testified in support of this bill, and Life of the Land offered comments.

Your Committee has amended this bill by requiring that public notice shall be given once statewide and once in the county where the land being disposed of is located.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 687, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito and Schatz.

SCRep. 92 Human Services and Housing on H.B. No. 246

The purpose of this bill is to allow the State Rent Supplement Program (SRSP) to serve a larger number of the low-income households eligible for assistance under the program, by appropriating an additional \$1,300,000 in fiscal year 2001-2002, and \$1,500,000 for fiscal year 2002-2003, to fund the SRSP.

Testimony in support of this measure was provided by the Hawaii State Commission on the Status of Women, City and County of Honolulu Department of Community Services, Institute for Human Services, Inc., Partners in Care, Salvation Army, Family Treatment Services, American Friends Service Committee, Hawaii Catholic Conference, Catholic Charities Elderly Services, Affordable Housing and Homeless Alliance, and a private individual. Testimony supporting the intent of this measure was submitted by the Housing and Community Development Corporation.

SRSP provides qualified persons a housing subsidy of \$160 per month. Over the last six years, funding for SRSP has been cut almost in half, from \$3,200,000 in 1995 to \$1,700,000 in 2000. In addition, in 2000, SRSP was further limited by statute to persons with very low incomes.

Without SRSP, families may become homeless and thereby lose the stability needed for a successful transition to self sufficiency. Your Committee finds that the length of the SRSP wait list should be reduced, not only because housing subsidies are less costly for society, but also because there is a definite future need to increase and thereby restore funding to SRSP.

This is the fifth, and last year of benefits for many families under welfare reform. Of the families subject to the welfare cut-off date, 55 percent were working as of August 2000, but were earning a mean income of only \$486. Yet 77 percent were living in housing rented on the private market, where the fair market rent for a two-bedroom apartment is \$859. Your Committee finds that without the assistance of a program like SRSP, these families will soon join those who are homeless in Hawaii.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 246 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 93 Human Services and Housing on H.B. No. 247

The purpose of this bill is to:

Allow persons receiving public assistance from the Department of Human Services (DHS), but not from the federal Supplemental Security Income Program, to be eligible for assistance by the State Rent Supplement Program; and

Make an appropriation for the State Rent Supplement Program.

Testimony in support of this measure was submitted by Catholic Charities Elderly Services and the Affordable Housing and Homeless Alliance. The Housing and Community Development Corporation of Hawaii and DHS supported the intent of this measure.

Your Committee recognizes that as many as 77 percent of Hawaii's families projected to be cut from public assistance are living in private market housing. Without the rent supplement of \$160 per month, many families would be unable to pay the full rent after the loss of their public assistance payments.

Rental supplements can assist individuals make the successful transition to self-sufficiency. Moreover, rental supplement programs have kept low-income seniors from becoming homeless and have enabled them to live in safe and decent housing.

Your Committee has amended this bill by:

- (1) Inserting \$1 as the appropriation amount to facilitate further discussion;
- (2) Allowing any person receiving money payments for public assistance from DHS and aid from the federal Supplemental Security Income Program to participate in the State Rent Supplement Program; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 247, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 247, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 94 Human Services and Housing on H.B. No. 296

The purpose of this bill is to require the Department of Human Services (DHS) to set Medicaid payments at a level that fairly compensates hospitals and long-term care providers.

Your Committee recognizes that long-term care in Hawaii is a growing concern as our population is aging. Further, many of the local long-term care providers and nursing homes are receiving as little as 75 percent reimbursement from Medicaid for the cost of health care. Your Committee understands that health care providers wish only to cover costs of health care, and this measure would enable them to do so.

Testimony in support of this measure was submitted by Hawaii Health Systems Corporation, Hawaii State Primary Care Association, Leeward Integrated Health Services, Wahiawa General Hospital, North Hawaii Community Hospital, Healthcare Association of Hawaii, Queen's Medical Center, Kaiser Permanente, Pearl City Nursing Home, Kapiolani Medical Center for Women and Children, Beverly Healthcare, Hawaii Long Term Care Association, Ann Pearl Nursing Facility, and Hawaii Foot Clinic.

Testimony in opposition of this measure was submitted by DHS.

Your Committee has amended this bill by:

- (1) Inserting \$1 for all appropriation amounts to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 296, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 296, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 95 Human Services and Housing on H.B. No. 540

The purpose of this bill is to include a resident who is assisted by the Housing and Community Development Corporation of Hawaii (HCDCH) as part of the HCDCH Board of Directors as required by federal law.

Testimony in support of this measure was submitted by HCDCH and the Affordable Housing and Homeless Alliance.

Your Committee understands that this measure would bring HCDCH into compliance with federal law, which requires each public housing agency to have on its governing board at least one member who is directly assisted under the federal public housing or Section 8 tenant-based program.

This bill has been amended to reflect that at least one resident shall be on the HCDCH Board of Directors rather than limiting the provision to one person.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 540, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 540, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 96 Human Services and Housing 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 recognizes the need for the expansion of long-term care facilities to provide quality, cost-effective care. This bill would also allow accessibility to all individuals requiring nursing facility level of care regardless of their eligibility for Medicaid benefits.

In addition, your Committee also recognizes that hospitals are currently housing an increasing number of patients awaiting placement in nursing homes or long-term care facilities. This measure would free some of those beds and make them available to patients requiring acute care.

DHS, Queen's Medical Center, Case Management, Inc., ABEL Case Management, Inc., Catholic Charities Elderly Services, Coalition for Affordable Long Term Care, Kokua Council, Hale Makua, and a registered nurse submitted testimonies in support of this measure. The Attorney General (AG) supported the intent of this measure and suggested that DHS conduct criminal history checks, as the AG would be unable to provide timely service if the AG's office were to bear the sole responsibility for this.

After further consideration, your Committee has amended this bill by:

- (1) Including recommendations by the Attorney General regarding conviction of a crime; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 632, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 632, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 97 Health on H.B. No. 647

The purpose of this bill is to allow the Disability and Communication Access Board (Board) to assess applicant fees for sign language interpreter credentialing and to retain the fees in a special fund to offset the cost of credentialing and screening.

Your Committee finds that sign language interpreters play an important role in access to public functions and forums for the hearing impaired. Credentialing test for sign language interpreters is an effective solution to combat the shortage of nationally certified sign language interpreters.

The Department of Human Services, the Board, and the Vocational Rehabilitation and Services for the Blind program of the Department of Human Services testified in support of this bill.

The United Public Workers union opposed this measure feeling that the Board should not be allowed to assess fees without legislative approval.

Your Committee has amended this bill to ensure the Board expends monies from the special fund to cover the cost of administering the State program for the credentialing of interpreters.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 647, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 647, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 98 Health and Human Services and Housing on H.B. No. 841

The purpose of this bill is to:

- (1) Add major depression to the definition of serious mental illness;
- (2) Repeal the lifetime cap of not less than two treatment episodes for alcohol or drug dependence;
- (3) Require compliance with QUEST; and
- (4) Confirm the repeal date of June 30, 2003, for 2000 amendments to repeal date of the chapter of July 1, 2002.

Your Committees understand that mental health problems have become a serious public health issue throughout the United States and that Hawaii is no exception. Nationally, it is estimated that major depression cost \$23,000,000,000 dollars in lost workdays

alone. Whereas, in Hawaii, major depression, if left untreated, has been estimated to cost \$135,600,000 dollars due to lost productivity, absenteeism, and the use of other health care resources.

Your Committees further understand that currently some individuals with mental illness and alcohol or drug dependence problems do not have access to health insurance coverage in either the private or public sector. Passage of this measure attempts to create parity among all persons with mental illness.

Testimony in support of this measure was received from the Equal Insurance Coalition, Hawaii Medical Association, Mental Health Association of Hawaii, National Alliance for the Mentally Ill, Hawaii Psychiatric Medical Association, Hawaii Psychological Association, National Association of Social Workers, psychiatrists, psychologists, social workers, consumer advocates, and concerned citizens.

Both the Department of Health (DOH) and the Department of Human Services (DHS) supported the intent of this measure. However, DOH felt that the limitation of treatment episodes for alcohol and drug dependence should be eliminated from this measure since this was contrary to the nature of the disease of addiction. On the other hand, DHS felt that exemptions of the QUEST program needed to continue so that adults who are severely emotionally disturbed or mentally ill and enrolled in QUEST could continue to receive unlimited services under a special QUEST program. According to the Department of Human Services, without this exemption, these adults would not be able to receive unlimited behavioral health services.

Testimony in opposition to this measure was received from Hawaii Medical Service Association, the Hawaii Business League, and the Chamber of Commerce of Hawaii. These testifiers all pointed to an Insurance Commissioners Task Force on Mental Health and Substance Abuse report, which found that there was no statistical evidence to support the expansion of mental health and substance abuse benefits in the private sector at this time. Kaiser Permanente also opposed this measure, but was concerned with the QUEST issue mentioned above and with a section of the bill they felt may unfairly exempt one insurance provider from a requirement to contribute monies to the insurance regulation fund established by section 431:2-216, Hawaii Revised Statutes.

Your Committees understand all these concerns, but also understand the importance of this measure. Accordingly, your Committees have decided to amend the measure by:

- (1) Eliminating the limitation on the number of treatment episodes for alcohol and drug dependence;
- (2) Allowing for the exemption of QUEST plans; and
- (3) Maintaining equality among all health care insurers regarding the insurance regulation fund.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 841, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 841, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Kawakami and Stonebraker.

SCRep. 99 Health on H.B. No. 834

The purpose of this measure is to:

- (1) Amend and add regulations for parking for persons with disabilities;
- (2) Add provisions to the current statute relating to fraudulent verification of a disability;
- (3) Add language regarding replacement of identification cards, fraudulent manufacture of placards and identification cards, and issuance of identification cards to the current statute; and
- (4) Add language regarding requirements to provide parking for disabled persons to the current statute.

Your Committee understands that although disabled parking laws are already in existence, many people violate these laws thus creating difficulties for disabled persons to access businesses in this State. According to the Honolulu Police Department, approximately 3,000 violations of disabled parking laws were recorded last year. Moreover, your Committee understands that with the passage of this measure, the integrity and strength of the statewide program on parking for persons with disabilities will be greatly enhanced. More importantly, the quality of life of the members of the disabled community will be greatly improved by this measure.

Testimony in support of this bill was received from the Advocates for Consumer Rights, the Disability and Communication Access Board, the Honolulu Police Department, and various members of the community. However, some persons with disabilities suggested placing an amendment in the measure regarding the provision of picture identification upon request of an enforcement officer for verification.

Accordingly, your Committee has amended this measure to include language requiring the provision of picture identification upon request by an enforcement officer.

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

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 834, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 834, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative McDermott.

SCRep. 100 Health on H.B. No. 1305

The purpose of this bill is to appropriate funds for the Nursing Home Without Walls Program (Program).

Testimony in support of the intent of this measure was received from the Department of Human Services.

Your Committee recognizes that the Program was established in 1983 to prevent the premature institutionalization of disabled individuals. Since that time, this Program has proven to be a cost-effective means of accomplishing this feat.

However, your Committee further understands that although the Governor has included a funding increase for this Program in the executive budget, 120 individuals will continue to be on the waiting list for the Program's services. Moreover, your Committee realizes that approximately \$760,000 increase in general funds for the Program will be needed to provide services to these individuals by the end of fiscal year 2002.

Your Committee has deemed this Program to be a successful program and, therefore, has amended this measure with a \$1 appropriation to facilitate further discussion.

Other technical, nonsubstantive amendments were made for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1305, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1305, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 101 Consumer Protection and Commerce on H.B. No. 953

The purpose of this bill is to ensure that the Public Utilities Commission (PUC) is equipped to handle the challenges of the 21st century. This bill requests the Auditor to conduct a management audit of PUC, and submit a report of findings and recommendations to the Legislature and Governor before the convening of the regular session of 2002.

Testimonies in support of this measure were received from the Hawaii Renewable Energy Alliance and Life of the Land. Testimony in support of the intent of this bill was submitted by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs. The PUC declined to take a position on the bill.

Your Committee finds that previous management audits in 1975 and 1989 found serious deficiencies in the regulatory functions of PUC. Your Committee further finds that PUC is currently faced with many new challenges in meeting the needs of Hawaii's residents in a changing global economy, and that a reexamination of its role would assist PUC in addressing new technological advances.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 953 and recommends that it pass Second Reading and be referred to the Committee on Legislative Management.

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

SCRep. 102 Education on H.B. No. 470

The purpose of this bill is to require the Department of Education (DOE) to adopt rules to establish risk management and other programs for school administrators, teachers, and other school personnel to mitigate the risk of lawsuits.

DOE and the Hawaii Government Employees Association supported the intent of this bill.

Your Committee finds that it is very important to train school personnel in risk management and related areas. Training in these areas will serve to minimize the State's exposure to liability, but more importantly, will help to ensure a safer school environment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 470 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 103 Education on H.B. No. 2

The purpose of this bill is to propose an amendment to the State Constitution to give the student member of the Board of Education (BOE) voting rights on all matters except decisions relating to personnel.

The BOE, the Hawaii State Student Council, the State Student Conference, and several individuals submitted testimony in support of this bill.

Your Committee finds that efforts have been made for years to give the student member of the BOE voting status. A myriad of concerns have been raised over the years regarding the legality of this provision, and whether the student member is mature enough to handle voting responsibilities. These concerns have all been addressed and asserted by the Attorney General to be without merit. Additionally, for the first time ever, the BOE itself has supported this bill.

Upon further consideration, your Committee has amended this bill by adding legislative findings justifying the purpose of this bill and making a technical, nonsubstantive amendment for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Hale, Kahikina, Halford, McDermott and Stonebraker.

SCRep. 104 Education on H.B. No. 1390

The purpose of this bill is to create and appropriate funds for two educational specialist positions in the areas of dance and drama.

The State Foundation on Culture and the Arts, Hawaii Association of Independent Schools, Hawaii Alliance for Arts Education, Hawaii Congress of Parents, Teachers and Students, and one individual supported this bill. The Department of Education supported the intent of this bill.

Your Committee finds that the arts are crucial to a well-rounded education. The arts are part of the Hawaii Content and Performance Standards, which are the backbone of the public school curriculum. Funding these positions would go a long way toward establishing the effective management of a more comprehensive arts curriculum.

Upon further consideration, your Committee has amended this bill by changing the appropriation amount to \$1 to facilitate further discussion, and making a technical, nonsubstantive amendment for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1390, H.D. 1, and be referred to the Committee on Tourism and Culture.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 105 Water and Land Use and Energy and Environmental Protection on H.B. No. 50

The purpose of this bill is to provide funds to the University of Hawaii to develop a multi-use ocean-floating platform.

The Hawaii Natural Energy Institute of the School of Ocean and Earth Science and Technology at the University of Hawaii and an individual testified in support of this bill.

Your Committees find that Hawaii is an ideal place to develop a multi-use ocean-floating platform to serve as a research and development center for marine resources.

Your Committees have amended this bill by inserting a \$1 appropriation to facilitate further discussion.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 50, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 50, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 106 Energy and Environmental Protection and Water and Land Use on H.B. No. 1460

The purpose of this bill is to:

- (1) Declare a three-year moratorium on the construction of overhead 138 kilovolt utility lines on the island of Oahu; and
- (2) Establish in the Governor's office an advisory committee to develop a comprehensive plan for undergrounding utility lines.

Hawaii's Thousand Friends and numerous individuals submitted written testimony supporting the bill.

The Department of Commerce and Consumer Affairs supported the intent of this bill.

Verizon Hawaii submitted written testimony requesting to be a member of the advisory committee.

The Public Utilities Commission (PUC) and Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company, submitted testimony in opposition to the bill.

The gravity of the situation demands that citizens are afforded the opportunity to participate in the resolution of this much debated issue, and, therefore, your Committees have passed this measure out to the next committee for further input.

In considering the impact of the moratorium on PUC to perform its regulatory functions and the utility's obligation to provide electricity to its customers, and the effectiveness of the comprehensive statewide plan, your Committees have amended the measure by:

- (1) Deleting the moratorium provision; and
- (2) Expressly mandating that the advisory committee consider feasibility and cost factors in implementing the comprehensive statewide plan.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1460, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1460, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Ito and Jaffe.

SCRep. 107 Consumer Protection and Commerce on H.B. No. 240

The purpose of this bill is to make Act 146, Session Laws of Hawaii (SLH) 1999, the Check Cashing Act, permanent by repealing its July 1, 2001, sunset date.

Testimony in support of this measure was received from Cash in Advance, Inc., Check'n Go, Inc., and Ranken, Drewyer, & Ranken. The Department of Commerce and Consumer Affairs commented on the bill.

Your Committee finds that Act 146, SLH 1999, was scheduled to sunset on July 1, 2001. Your Committee further finds that authorizing Hawaii businesses to accept postdated checks in exchange for an immediate cash loan and regulating the conduct of this nationally based business in Hawaii has benefited public interests and should continue.

Your Committee has made technical, nonsubstantive amendments to this bill to conform with drafting conventions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 240, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga and Gomes.

SCRep. 108 Judiciary and Hawaiian Affairs on H.B. No. 527

The purpose of this bill is to amend Hawaii's Uniform Interstate Family Support Act by:

- (1) Clarifying that the proper forum for contesting the registration of an out-of-state order of support is before a tribunal of the registering state; and
- (2) Amending the notice requirements for proceedings to contest the validity or enforcement of a registered child support order.

Supportive testimony was submitted by the state Attorney General.

Your Committee has amended this bill by making stylistic and technical changes that do not affect the substance of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 527, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 527, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 109 Economic Development and Business Concerns on H.B. No. 948

The purpose of this bill is to assist small businesses in the State by:

- (1) Making permanent the law enacting the Hawaii Small Business Regulatory Flexibility Act and the small business defender;
- (2) Transferring the small business defender position from the Legislature to the Department of Business, Economic Development, and Tourism (DBEDT) and providing staff support;

- (3) Allowing the small business defender to hire attorneys under section 28-8.3, Hawaii Revised Statutes; and
- (4) Appropriating funds to DBEDT to establish the Office of the Small Business Defender.

The Small Business Regulatory Review Board (SBRRB), a SBRRB member, and the National Federation of Independent Business testified in support of the measure. DBEDT and the Hawaii Business League submitted testimony in opposition of the measure.

Your Committee noted that when the small business defender position was initially conceived, there was lengthy public discussion as to where the position should be placed. At the time, the Small Business Task Force on Regulatory Relief and others in the business industry felt that the small business defender position would be best placed within the Legislature because this was an entity where the small business defender would truly act in an independent manner, similar to that of the Legislative Auditor and the Legislative Reference Bureau.

Accordingly, your Committee has amended this bill by:

- (1) Retaining the small business defender position within the Legislature, rather than transferring the position to DBEDT for administrative purposes;
- (2) Deleting provisions relating to the salary, employment benefits, and staff assistance specifications with regard to the small business defender position;
- (3) Appropriating \$1 to establish the Office of the Small Business Defender within the Legislature, rather than DBEDT, and designating the Legislature as the expending agency; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 948, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 948, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 110 Tourism and Culture on H.B. No. 362

The purpose of this bill is to require the Hawaii Tourism Authority (Authority) to establish a registry of groups of Hawaii residents traveling to out-of-state destinations to promote and market Hawaii as a tourist destination; and to allow the Authority to enter into agreements with and award grants to these groups.

Several individuals testified in support of the measure. The Life of the Land submitted a proposed amendment. The Authority testified in opposition to this measure noting that they currently provide promotional materials and brochures to groups who travel outside of the state to promote Hawaii as a tourist destination. In addition, the Authority has a program for which groups can submit their proposals for possible funding support.

After consideration, your Committee felt that further discussion regarding the Authority's promotional materials and funding support was necessary and that this matter could be taken up by the Committee on Finance. Accordingly, your Committee has decided to pass the measure unamended.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 362 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford, Leong and Ontai.

SCRep. 111 Tourism and Culture on H.B. No. 1589

The purpose of this bill is to amend the definitions of "gross rental" or "gross rental proceeds" and "operator" under chapter 237D-1, Hawaii Revised Statutes.

Supporting testimony for the measure was submitted by the City and County of Honolulu, the Counties of Hawaii and Maui, Hawaii State Teachers Association and the ILWU LOCAL 142. The American Society of Travel Agents (ASTA), ASTA HAWAII Chapter, Hawaii Hotel Association, and the National Tour Association submitted testimony opposing the measure. The Department of Taxation took no position, but provided comments on the measure. An economist testifying on his own behalf commented that the potential impact of the measure's change on visitor arrivals and length of stay is insignificant, as it is too small to be measured by conventional statistical technique.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1589 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford, Ontai and Leong.

(Representative Case voted no.)

SCRep. 112 Water and Land Use on H.B. No. 870

The purpose of this bill is to clarify that lessees of public lands may be granted an extension to their leases without having to obtain a loan.

Section 171-36, Hawaii Revised Statutes, authorizes the Board of Land and Natural Resources to extend the term of a lease to the extent necessary to qualify the lease for mortgage lending or guaranty purposes with various lenders.

The Hawaii Farm Bureau Federation (HFBF), the Big Island Association of Nurserymen, and H. Eunice Nursery, Inc., testified in support of this measure. The Department of Land and Natural Resources (DLNR) expressed concerns.

According to HFBF, over 30 percent of the State's agricultural leases will expire within the next nine years. In order for lessees to continue their operations over the long term, they will need lease extensions. However, the law requires a lessee to first obtain a loan. From DLNR's perspective, requiring a loan accomplishes two things:

- (1) It enhances the value of the State's assets; and
- (2) It ensures that the lessee's operation is legitimate.

Testifiers pointed out that some of the farmers who are approaching the end of their leases do not require a large loan to maintain or improve their operations. And yet, to extend their lease, they are forced to go further into debt. According to testifiers, the law also penalizes lessees who can self-finance major improvements to their operations.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 870 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito and Schatz.

SCRep. 113 Transportation on H.B. No. 414

The purpose of this bill is to reduce pedestrian injuries and fatalities by establishing a pedestrian bill of rights, to include:

- (1) Requiring vehicular drivers to stop for pedestrians at an intersection or a crosswalk; and
- (2) Prohibiting pedestrians from jaywalking when a crosswalk or intersection is close by.

The Department of Transportation submitted testimony in support of the measure. The Honolulu Police Department submitted testimony supporting the intent of the bill, but recommended revisions to:

- (1) Require vehicles to yield the right-of-way in lieu of stopping for pedestrians, to avoid traffic congestion;
- (2) Allow crossing outside a crosswalk only in a residential area where the intersection is not within 200 feet, based on the Revised Ordinances of Honolulu; and
- (3) Making technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

Your Committee has amended this bill by:

- (1) Requiring the vehicular driver to yield the right-of-way to a pedestrian, rather than stopping;
- (2) Permitting a pedestrian to cross outside an intersection or crosswalk only in a residential area where the intersection or crosswalk is more than 200 feet away; and
- (3) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 414, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 414, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Garcia.

SCRep. 114 Transportation on H.B. No. 415

The purpose of this bill is to extend the preferences afforded to inter-island ferry services between the island of Maui and Molokai at small boat harbors to the islands of Hawaii, Lanai, Maui, Molokai, and Oahu. Currently, only Lahaina small boat harbor enjoys the preference, including the waiving of any applicable fees.

The Board of Land and Natural Resources submitted testimony recommending that the measure should address only those small boat harbors that are capable of accommodating ferry service operations, and, therefore:

- (1) All references to the islands of Hawaii, Lanai, and Oahu should be deleted from the bill; and
- (2) The preferential consideration should be limited to Lahaina and Maalaea small boat harbor on the island of Maui.

Your Committee has amended the measure by incorporating the recommendations made by the Board of Land and Natural Resources.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 415, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 415, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Garcia.

SCRep. 115 Transportation on H.B. No. 1268

The purpose of this bill is to require periodic six-month inspections for rental or U-drive motor vehicles that are two years or older.

The Department of Customer Services of the City and County of Honolulu and Catrala-Hawaii submitted testimony in support of the bill. The Department of Transportation submitted testimony in opposition of the bill.

Your Committee finds that rental and U-haul vehicles are on the road for shorter periods of time than new cars sold to the public, and upon return to the rental company the vehicles are serviced and inspected in preparation for the next rental customer. Any defects found on a vehicle are usually corrected before it is returned to the rental fleet.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1268 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 116 Energy and Environmental Protection and Economic Development and Business Concerns on H.B. No. 1256

The purpose of this bill is to institute a beverage container fee and deposit on all glass, aluminum, and plastic bottles or cans of a gallon or less sold for consumption in the State.

Hawaii as an island state must be careful in handling its waste stream. Recycling is an ideal choice for Hawaii as it not only keeps discarded materials out of the landfills but it also protects our natural resources. This bill would impose both a beverage container fee to be paid on all recyclable beverage containers brought into the State for consumption here, and a beverage container deposit to encourage consumers to recycle the containers. The deposit law would institute a fee of not less than 5 cents for containers holding twenty-four ounces or less, and not less than 15 cents for containers over twenty-four ounces, up to one gallon.

Each business that sells the container would be required to operate a redemption center to pay out the refund to the consumers, and ensure that the containers are recycled. There are exceptions for businesses of less than 5,000 square feet, businesses that sell beverage containers only through vending machines, or that are located within one mile of a certified redemption center. A county is required to operate a redemption center if there are no alternatives within a five mile radius of a dealer.

Your Committee has amended the bill by:

- (1) Clarifying the dates by which certain of the actions shall occur;
 - (2) Clarifying that collection of containers can be done for litter control purposes;
- and
- (3) Making technical nonsubstantive changes.

Your Committees find it necessary to boost the recycling efforts in Hawaii after voluntary programs and commercial mandates failed to meet specific statutory targets. Your Committees further find that a beverage container deposit may be the next logical step to provide sufficient economic incentive to the consumer to recycle.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1256, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1256, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, Jaffe, Chang, Suzuki and Marumoto.

SCRep. 117 Consumer Protection and Commerce on H.B. No. 237

The purpose of this bill is to:

- (1) Create a mandated health insurance service review panel (panel) to assess the impacts of mandated health insurance coverage and recommend a cap on mandated health insurance coverage; and
- (2) Repeal the State Auditor's duty to review such proposals.

Testimony in support of the intent of this bill was received from the Hawaii Medical Service Association and Kaiser Permanente. The Legislative Information Services of Hawaii testified to instead place this subject matter within section 393-7, Hawaii Revised Statutes, of the Prepaid Healthcare Law.

Your Committee finds that government-mandated benefits require health care plans to cover specific diseases, conditions, and services. Since 1989, the Legislature has required coverage and expansion of services, with thirteen mandates over the last ten years. Health care costs are continuing to rise due to increasing physician use, the advent of innovative medical technology, and pharmaceutical costs.

This bill creates a panel, which will assess social, medical, and financial impacts of mandated health insurance coverage. This panel will recommend a cap on the costs of mandated insurance coverage in terms of percentage of average annual state wage. Furthermore, this bill repeals the State Auditor's duty to review such proposals. This measure will provide legislators with important information that is necessary to make informed decisions prior to legislating any additional mandated health benefits.

Your Committee requests that the House Committee on Finance assess the feasibility of including a representative of the business community to serve on the panel.

Your Committee has amended this bill by changing the effective date of the bill to July 1, 2003 and the date of initial evaluation of cost to no later than twenty days prior to the convening of the Regular Session of 2005.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 237, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 237, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 118 Human Services and Housing on H.B. No. 637

The purpose of this bill is to implement ohana conferencing as a practice in the resolution of child protective cases.

Testimony in support of this measure was submitted by the Department of Human Services (DHS). Testimony in opposition of this measure was submitted by the Hawaii State Foster Parents Association.

Your Committee recognizes that this measure is a means to facilitate and strengthen the network of protection of the extended family and the community for the child. The purpose of the ohana conference is to establish a plan that provides for the safety and permanency needs of the child.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 637 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Stonebraker and Takai.

SCRep. 119 Human Services and Housing on H.B. No. 118

The purpose of this bill is to make amendments to the family child care home law including:

- (1) Setting a \$1,000,000 liability insurance policy limit per provider;
- (2) Extending the law to include renters;
- (3) Limiting the number of family child care homes to three percent of the units in planned developments; and
- (4) Deleting the repeal date.

Testimony in support of this measure was submitted by the Good Beginnings Alliance and concerned citizens. Testimony in support of the intent of this measure was submitted by the Department of Human Services.

Testimony in opposition of the measure was submitted by a concerned citizen.

The Disability and Communication Access Board, Hawaii Council of Associations of Apartment Owners, and the Hawaii Chapter of the Community Associations Institute submitted comments.

Your Committee recognizes that condominium and townhouse community owners are concerned about the implications of this measure, which allows renters to operate child care facilities. Further, there is concern that the owners of planned communities, condominiums, and townhouse communities will be held liable for claims even if the child care provider is insured. It was also

proposed that the sunset clause not be omitted, but instead be extended to allow time for a study regarding the effects of child care operations in condominium townhouses.

In addition, your Committee recognizes child care provider concerns that there will be an increased number of unlicensed providers doing business illegally due to the restrictions and costs imposed. Moreover, licensed child care providers who choose to abide by the law may be compelled to close their businesses due to restrictions placed upon them by community associations.

Your Committee has amended this bill by:

- (1) Inserting a findings section;
- (2) Excluding renters;
- (3) Requiring compliance with the Americans with Disabilities Act (ADA), but clarifying that the family child care home operator will be responsible for physical modifications that can be easily accomplished to allow for full participation of a child or parent with a physical disability;
- (4) Allowing no less than one percent, nor more than three percent, of the units in planned developments to be used as a family child care home;
- (5) Indemnifying the association of a townhouse project of any claims arising from the operation of a family child care home;
- (6) Extending the sunset date to June 30, 2005, instead of repealing the sunset date; and
- (7) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 118, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 120 Human Services and Housing and Higher Education on H.B. No. 354

The purpose of this bill is to appropriate funds to various state agencies to address the shortage of qualified sign language interpreters.

Testimony in support of this measure was submitted by Kapiolani Community College, Hawaii Services on Deafness, Hawaii Registry of Interpreters for the Deaf, Gallaudet University Regional Center, and concerned citizens. Testimony in support of the intent of this measure was submitted by the Department of Human Services, University of Hawaii, and the Disability and Communication Access Board.

Your Committees recognize the need for more full-time interpreters to provide effective communication access to the community. Currently, there are only 11 full-time interpreters, all of them residing on Oahu. Further, there are a number of part-time interpreters who are unable to make a living full-time because the pay and benefits are substandard.

Your Committees also recognize that there is a demand for interpreters that currently cannot be met. This measure will target programs to retain and train effective interpreters, as well as attract more interpreters.

Your Committees have amended this bill by:

- (1) Replacing the appropriation amounts with \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 354, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 354, H.D. 1, and be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representatives Kawakami, Yonamine, Bukoski, Garcia, Hale and Ontai.

SCRep. 121 Health and Public Safety and Military Affairs on H.B. No. 707

The purpose of this bill is to make statutory provisions regulating the medical use of marijuana.

The Department of the Prosecuting Attorney of the City and County of Honolulu, State Department of Public Safety, Honolulu Police Department, and the Community Alliance on Prisons testified in support of this bill. While the Department of Health (DOH) supported this bill, DOH recommended that the DOH should not be designated to determine other medical conditions that may be covered under the statute.

The American Civil Liberties Union and the Drug Policy Forum of Hawaii opposed this bill.

Your Committees find that while medical use of marijuana is legal in Hawaii, it continues to be an unlawful drug when distributed and controlled by persons other than for medical purposes. The evidence of the medicinal effects of marijuana is still under scrutiny and continues to be the subject of debate.

Your Committees recommend that any further legal questions regarding this bill should be addressed by the Committee on Judiciary and Hawaiian Affairs.

After balancing the equities of the medical use of marijuana, your Committees have made the following amendments to the bill:

- (1) Providing for a temporary registration certificate for the use of marijuana for medical purposes;
- (2) Defining "debilitating medical condition";
- (3) Deleting the provision designating DOH to determine other medical conditions that may be covered under this statute;
- (4) Adding language making the definition of "primary caregiver" more specific;
- (5) Deleting language specifying where medical use of marijuana is prohibited;
- (6) Making this statute applicable to persons under the control of the Department of Public Safety who may be in detention centers outside of this State;
- (7) Reinserting language that places a \$25 cap on fees for registration certificates; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 707, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 707, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Auwae, McDermott, Stonebraker, Djou, Moses and Rath.

SCRep. 122 Human Services and Housing on H.B. No. 550

The purpose of this bill is to authorize the Housing and Community Development Corporation of Hawaii (HCDCH) to establish affordable housing requirements with the counties for undeveloped parcels in the villages of Kapolei, Oahu, Leialii, Maui, and La'i'opua, Hawaii.

HCDCH, the Special Assistant to the Governor, and the Land Use Research Foundation of Hawaii supported this bill.

Act 15, Session Laws of Hawaii 1988 (Act 15), and conditions imposed by the Land Use Commission (LUC) require HCDCH to provide 60 percent of the total residential units in master planned communities at affordable prices. This 60/40 ratio was imposed during the more prosperous 1980s and early 1990s, and was based on the premise that revenues derived from the sale of the 40 percent market-priced units would offset the cost of the 60 percent affordable units.

With the subsequent economic decline, current prices of market-priced units are insufficient to subsidize the affordable units. As a result, the Villages of Kapolei, Leialii, and La'i'opua are no longer feasible to develop.

HCDCH filed separate motions for the three master planned communities with the LUC to amend the 60 percent affordable housing conditions; however, LUC commissioners were unable to resolve whether they had authority to override the provisions of Act 15.

Your Committee finds that this bill will enable HCDCH to work with the counties in establishing affordable housing requirements. This in turn will improve the financial feasibility of developing these communities and stimulate housing development.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 550 and recommends that it pass Second Reading and be referred to the Committee of Finance.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 123 Human Services and Housing on H.B. No. 633

The purpose of this bill is to allow county medical examiners or coroners to apply for funeral payments under the Department of Human Services' (DHS) Funeral Payment Program (Program) on behalf of an unclaimed corpse after 60 days have lapsed since the date of death.

DHS testified in support of this bill.

Under existing law, an application for funeral payment under the Program must be submitted within 60 days after the date of the death of the deceased. However, there are instances when a county medical examiner or coroner locates the remains, identifies a

decedent, or completes the administrative process of locating surviving family members more than 60 days after the date of death. Your Committee finds that this bill takes into consideration the circumstances of county medical examiners and coroners.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 633 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai, Yonamine and Stonebraker.

SCRep. 124 Human Services and Housing and Higher Education on H.B. No. 481

The purpose of this bill is to appropriate funds to continue and expand the Home Safety Monitoring Program at the University of Hawaii at Hilo (UH-Hilo).

Testimony in support of this measure was submitted by the County of Hawaii Office of Aging. Testimony supporting the intent of this measure was submitted by UH-Hilo.

Your Committees recognize that elderly adults can be frail and may require education and information on self care and fall prevention. This measure supports the Home Safety Monitoring Program to provide greater independence for the elderly and will decrease Medicare and health costs.

Your Committees have amended this bill by:

- (1) Changing the expending agency from UH-Hilo to the County of Hawaii Office of Aging;
- (2) Replacing the appropriation amount with \$1 to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 481, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 481, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami, Yonamine, Bukoski, Garcia, Hale and Ontai.

SCRep. 125 Human Services and Housing and Higher Education on H.B. No. 840

The purpose of this bill is to establish a data and research office for children and families in the Center on the Family at the University of Hawaii at Manoa (UH).

Testimony in support of this measure was submitted by UH and Hawaii Kids Count.

Your Committees recognize that passing this measure would allow UH to do research relating to the health and well-being of families. Further, the information gathered from this research will assist in achieving an accurate and reliable statistical picture of the status of Hawaii's children and families.

Your Committees have amended this bill by:

- (1) Replacing the appropriation amount with \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 840, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 840, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami, Yonamine, Bukoski, Garcia, Hale and Ontai.

SCRep. 126 Economic Development and Business Concerns on H.B. No. 1310

The purpose of this bill is to authorize the issuance of up to \$60,000,000 in special purpose revenue bonds to assist Hi-Tech Hawaii, Inc., with the development of a high technology research and development facility on Hawaiian home lands.

Hi-Tech Hawaii, Inc., testified in support of this measure. The Department of Hawaiian Home Lands (DHHL) testified in support of the intent of the measure. The Department of Budget and Finance submitted comments on the measure.

Your Committee finds that this measure would encourage the development of new economy businesses and generate income for DHHL.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1310 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Takumi and Marumoto.

SCRep. 127 Economic Development and Business Concerns on H.B. No. 1662

The purpose of this bill is to support the development of technology projects on state lands by authorizing the issuance of special facility revenue bonds for the High Technology Development Corporation (HTDC).

Your Committee notes that Act 72, Session Laws of Hawaii 2000 (Act 72), among other things, gave HTDC the authority to issue special facility revenue bonds for high technology projects. However, Act 72 was signed prior to the signing of the Supplemental Appropriations Act of 2000. This procedural error invalidated the law with respect to special facility revenue bonds. This bill corrects this procedural error by reenacting that portion of Act 72 relating to the authorization of special facility revenue bonds.

The Office of the Governor and HTDC supported this measure. The Department of Budget and Finance testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1662 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Marumoto.

SCRep. 128 Transportation on H.B. No. 216

The purpose of this bill is to temporarily exempt the leasing of Shell Oil Company's fuel storage facility at Nawiliwili Harbor on Kauai from the public notice requirements for negotiating a lease of public lands.

DOT testified in support of the intent of this measure. The Department of Land and Natural Resources commented on the bill. The Office of Hawaiian Affairs opposed this bill.

This bill is needed to ensure that Tesoro Hawaii Corporation meets all of the jet fuel requirements for Lihue Airport on Kauai. Currently, Tesoro unloads its jet fuel at Nawiliwili Harbor and stores this fuel in a fuel storage facility owned by Shell Oil Company. This facility is situated on state land that Shell leases on a month-to-month revocable permit.

The Department of Transportation (DOT) wants to provide a long-term lease for this fuel storage facility. However, chapter 171, Hawaii Revised Statutes (HRS), requires that state leases be issued through a public auction process. If an auction were held for the fuel storage facility land, and Shell was not the successful bidder, it would need to remove the fuel storage tanks and remediate the site. It is estimated that the construction of new jet fuel storage tanks would take three years, resulting in the disruption of the supply of jet fuel for Lihue Airport.

This bill, as received, temporarily authorizes the Board of Land and Natural Resources (BLNR) to negotiate the lease without regard to the limitations set forth in subsection 171-59(a), HRS, relating to disposition by negotiations, and section 171-16(c), HRS, relating to public notice by negotiation.

Your Committee has amended this bill to temporarily authorize DOT, subject to BLNR's approval, to negotiate the lease without regard to the limitations set forth in chapter 171, HRS.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 216, H.D. 1, and be referred to the Committee on Water and Land Use.

Signed by all members of the Committee.

SCRep. 129 Transportation on H.B. No. 1272

The purpose of this bill is to support the State's policy of encouraging consumer acceptance of alternative fueled vehicles by:

- (1) Requiring the Department of Transportation (DOT) to adopt rules for the registration of the vehicle and to create special license plates to designate the vehicle;
- (2) Exempting the vehicle from high occupancy vehicle restrictions or other similar control measures; and
- (3) Waiving various fees for five years, including motor vehicle registration fees and the special license plate fee; provided that every two years, DOT will determine whether the incentive program will be continued.

DOT, Department of Business, Economic Development, and Tourism and the Gas Company submitted testimony supporting the intent of measure.

Your Committee has amended the bill to define "alternate fueled vehicle" as any vehicle that exclusively uses an alternate fuel as defined in the National Energy Policy Act.

Other technical, nonsubstantive amendments were made for clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1272, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1272, H.D. 1, and be referred to the Committee on Energy and Environmental Protection.

Signed by all members of the Committee.

SCRep. 130 Transportation on H.B. No. 1274

The purpose of this bill is to maintain efficient pilotage service by assuring there is an adequate supply of qualified pilots to meet the requirements of commerce.

DCCA submitted testimony in support that described the preferred past practice of DCCA, and concluded that the present licensure process is inefficient and creates uncertainty in the post-licensure training of newly licensed deputy port pilots. The Hawaii Pilots Association and a number of licensed port pilots submitted testimony in support of the bill.

Your Committee has amended this bill by:

- (1) Clarifying that the Hawaii Pilot Association is the professional association of port pilots in the State;
- (2) Emphasizing that the granting of licenses to port pilots and deputy port pilots shall be on the basis of when the need arises; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1274, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1274, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 131 Judiciary and Hawaiian Affairs on H.B. No. 997

The purpose of this bill is to allow the Judiciary to enter into financial agreements that do not exceed \$3,000,000 without the prior approval of the State Director of Finance and the Attorney General.

Testimony in support of the bill was submitted by the Judiciary. Comments were also received from the Department of Budget and Finance (B&F).

Your Committee agrees that the bill, as presently drafted, would provide the Judiciary with the same flexibility already allowed for the University of Hawaii. Because these types of installment or lease purchase agreements are integral to everyday Judiciary operations, it is in the State's best interest to allow the Judiciary to enter into these agreements expeditiously without waiting for the approval of B&F.

However, your Committee also concurs that the Attorney General should have oversight of the financing agreements of the Judiciary and the University of Hawaii. Continued oversight is necessary to ensure that municipal lease financing transactions are not classified as debt for purposes of calculating the State's debt limit.

Accordingly, your Committee has amended this bill by:

- (1) Requiring the Judiciary and the University of Hawaii to continue to obtain approval from the Attorney General as to form and legality prior to entering into a financing agreement;
- (2) Clarifying that the foregoing exemption applies to financing agreements for amounts not more than \$3,000,000; and
- (3) Making technical, nonsubstantive amendments for clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 997, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 997, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 132 Human Services and Housing on H.B. No. 73

The purpose of this bill is to provide funding for homeless assistance.

Specifically, this bill:

- (1) Restores adequate funding levels to state homeless programs;
- (2) Maintains adequate funding to support additional shelter inventory; and
- (3) Increases funding levels for homeless assistance by providing a deeper subsidy for those families losing their welfare benefits.

Your Committee received testimony in favor of this measure from the Hawaii State Commission on the Status of Women, the Housing and Community Development Corporation of Hawaii (supports intent provided that it does not adversely impact priorities in the executive biennium budget), the City and County of Honolulu Department of Community Services, and the following private organizations: Catholic Charities Elderly Services and Community and Immigrant Services, Health Care for the Homeless Project, Affordable Housing and Homeless Alliance, Hawaii Catholic Conference, Homeless Solutions, Salvation Army Family Treatment Services, Gregory House Programs, and Institute for Human Services, Inc.

Your Committee finds that the safety net established to provide relief and recovery for Hawaii's homeless is eroding, and that the State must do more to help Hawaii's homeless to become more stable by providing assistance with health, housing, and social issues in order to retain permanent housing and maintain economic independence and self-sufficiency in the long-term.

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

- (1) Adding the contents of S.B. No. 586 (2001), which establishes a housing revolving fund to provide low-interest loans for home construction for Kikala-Keokea leaseholders who have been denied loans from traditional financial institutions, to be administered by the Housing and Community Development Corporation of Hawaii;
- (2) Adding the contents of H.B. No. 409 (2001), which repeals the homeless assistance program known as the "Hale Kokua" program; and
- (3) Making technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 73, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 73, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 133 Human Services and Housing on H.B. No. 636

The purpose of this bill is to revise the Department of Human Services' current method of reimbursement to noninstitutional providers of medical care, which is based on the changes of specialty providers, to a rate system established by a fee schedule.

The Department of Human Services testified in support of this bill.

Your Committee finds that the current method of reimbursing noninstitutional providers is too cumbersome and difficult to manage. The Hawaii Medicaid Fee Schedule established in this bill would maintain reimbursement rates according to services provided, instead of provider changes by specialty. This fee schedule will simplify claims processing and result in more timely and accurate payments to providers.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 636 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 134 Human Services and Housing on H.B. No. 747

The purpose of this bill is to increase the low-income renter's tax credit to \$100.

The Affordable Housing and Homeless Alliance testified in support of this bill. The Tax Foundation of Hawaii submitted comments on this bill. In opposition to this bill, the Department of Taxation stated that this bill will only reduce the amount of tax collections for the State's general fund, and that this bill would set a precedent for others to seek similar increases in other tax credits.

Your Committee finds that this bill will partially offset the higher tax burden on renters resulting from the lack of tax relief similar to the home exemption for homeowners.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 747 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takai and Stonebraker.

SCRep. 135 Human Services and Housing on H.B. No. 209

The purpose of this bill is to require the Board of Dental Examiners (Board) to adopt rules to license dentists to practice as employees of, or volunteers for, safety net dental providers without having to pass the Hawaii dental licensing examination.

Testimony in support of this measure was submitted by the Hawaii Primary Care Association. The Board of Dental Examiners submitted comments.

Testimony in opposition of this measure was submitted by the Hawaii Dental Association, many dentists, and concerned citizens.

Your Committee understands that Hawaii has a high ratio of practicing dentists to population, with 1,362 licensed dentists in the state. However, there is a low participation rate in the Medicaid and QUEST programs. Several dentists testified that they do not serve QUEST members because the plan provides little or no reimbursement for most routine services. These dentists prefer to volunteer their services to low-income areas and organizations in their spare time.

Further, the Board noted that last year there were only 18 complaints. The Board is concerned that complaints will rise without regulation or licensing.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 209 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Takai and Stonebraker.
(Representative McDermott voted no.)

SCRep. 136 Education on H.B. No. 15

The purpose of this bill is to:

- (1) Require that funding for coaches' salaries, athletic health care trainers' salaries, athletic equipment and supplies, and transportation of student athletes be considered standard workload increase items for the planning and funding of new schools; and
- (2) Appropriate funds for athletic training equipment and supplies.

The Department of Education supported this bill. The Department of Budget and Finance opposed this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 15 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Kahikina.

SCRep. 137 Education on H.B. No. 94

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for the establishment and development of Parent-Community Network Centers (PCNCs) and related positions.

Two individuals supported this bill. DOE supported the intent of this bill.

Your Committee supports PCNCs as they foster meaningful relationships between parents, teachers, and others involved in the educational process. However, the specific details of the appropriation in this bill were based on outdated data and need to be changed to reflect the current needs of PCNCs.

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

- (1) Appropriating \$1 for fiscal year 2001-2002 and \$1 for fiscal year 2002-2003 for establishing and developing PCNCs;
- (2) Deleting the figures for the specific allotment of funds;
- (3) Deleting the provision for district coordinator positions on Maui and Kauai;
- (4) Deleting funding for networking center facilitators on Kauai and Maui;
- (5) Increasing the number of schools that currently do not receive funds from forty to forty-three;
- (6) Increasing the number of part-time liaison coordinators from eight to sixteen;
- (7) Adding a provision for a new family support resource teacher position;
- (8) Adding a provision to change the ten-month PCNC resource teacher position to a twelve-month position;

- (9) Adding a provision for a district coordinator in Kona;
- (10) Adding a provision for program research and development; and
- (11) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 94, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 94, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Kahikina.

SCRep. 138 Education on H.B. No. 248

The purpose of this bill is to appropriate funds for Families for R.E.A.L. (Resources for Early Access to Learning). This program allows parents to attend classes with their children. This bill establishes appropriations to fund four sites, one each in Honolulu, Central Oahu, Kauai, and the Big Island.

Families for R.E.A.L. testified in support of the bill. The Department of Education supported the intent of the bill.

Your Committee finds that Families for R.E.A.L. fosters parent-student learning.

Your Committee has amended this bill by changing the appropriation figure to \$1. The figure is amended so that the committee can have enough freedom to appropriate the right amount to this program at a later time.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 248, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Kahikina.

SCRep. 139 Education on H.B. No. 612

The purpose of this bill is to permanently establish the Hawaii State's Public Library System's ability to collect fees for enhanced services.

The Hawaii State Public Library System (HSPLS) supported this bill. A concerned citizen opposed this bill.

Your Committee finds that these fees allow HSPLS to support its service program and remain a leader of innovative library services to the residents of the State.

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 612, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 612, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski, Halford and McDermott.

SCRep. 140 Education on H.B. No. 1045

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for the development and maintenance of decision support and electronic management systems.

This bill appropriates funds for:

- (1) One full-time equivalent data processing systems analyst IV position;
- (2) Electronic messaging and data warehouse software maintenance;
- (3) Equipment maintenance and support; and
- (4) Equipment upgrades.

DOE testified in support of the intent of this bill.

Your Committee finds that the development and maintenance of decision support and electronic management systems would allow complex decision support to be more efficient.

Your Committee has amended this bill by changing the appropriation amounts to \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1045, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski and Halford.

SCRep. 141 Education on H.B. No. 126

The purpose of this bill is to limit children's access to pornographic materials on the internet in public schools and public libraries by requiring public schools and libraries to:

- (1) Equip computers with software that is intended to prevent minors from gaining access to material on the internet that is pornographic to minors; or
- (2) Purchase internet connectivity from an internet service provider that provides filter services to limit access to material that is pornographic for minors.

The Department of Education and Hawaii Family Forum supported this bill. The Hawaii State Public Library System, the Hawaii Library Association, and four individuals opposed this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 126 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 142 Education on H.B. No. 478

The purpose of this bill is to amend the State Constitution to allow the issuance of special purpose revenue bonds (SPRBs) to assist not-for-profit organizations including:

- (1) Private and sectarian elementary schools;
- (2) Secondary schools; and
- (3) Universities and colleges.

These institutions must be nondiscriminatory and selected according to neutral secular criteria.

The Hawaii Association of Independent Schools supported this bill. The Department of Education and the Department of Budget and Finance commented on this bill.

Your Committee finds that SPRBs could greatly help independent schools in Hawaii that struggle to keep their doors open and have difficulty obtaining financing for improvement projects. It is in the State's interest to facilitate learning for all students in Hawaii, whether they attend public or private schools.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 478 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki, Takumi and Halford.

SCRep. 143 Education on H.B. No. 607

The purpose of this bill is to:

- (1) Authorize the Department of Education (DOE) to license private trade, vocational, and technical schools;
- (2) Establish a revolving fund into which moneys collected from the licensing of private trade, vocational, and technical schools are to be deposited;
- (3) Delineate exceptions to licensure; and
- (4) Establish a Tuition Recovery Fund to protect students when a private trade, vocational, or technical school ceases to provide educational services and to pay administrative expenses incurred in the administration of the licensing function.

The DOE submitted testimony in support of this bill.

Your Committee finds that this bill will allow the DOE to collect funds for licensing functions that do not receive financial or personnel support. This bill will allow the licensure responsibilities of the DOE to be adequately administered and self-sustaining.

Upon further consideration, your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 607, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 607, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 144 Education on H.B. No. 343

The purpose of this bill is to require the Department of Education (DOE) to establish a merit pay system for principals that rewards principals for their school's improvement in measurable areas of performance.

DOE and Hawaii Government Employees Association supported the intent of this bill.

Your Committee finds that principals, as the managers of their schools, are the administrators who are most directly responsible for the performance of each school. Establishing a merit pay scheme would be an excellent means by which to motivate improved overall performance in public schools.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 343 and recommends that it pass Second Reading and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Arakaki, Garcia, Hale, Schatz, Takumi and Bukoski.

SCRep. 145 Economic Development and Business Concerns and Energy and Environmental Protection on H.B. No. 549

The purpose of this bill is to:

- (1) Clarify that businesses in enterprise zones that produce electric power from wind energy for sale primarily to a public utility company for resale to the public are exempt from the general excise tax;
- (2) Correct the terminology of "assisted" technology equipment to "assistive" technology equipment; and
- (3) Eliminate the enterprise zone use tax exemption for all qualifying enterprise zone businesses.

Your Committees agree with the intent of this bill, and recognize that the use tax exemption has the potential to encourage participating businesses to purchase supplies and equipment outside of Hawaii, rather than from local vendors.

The Department of Business, Economic Development, and Tourism (DBEDT) and the Department of Taxation testified in support of this measure. Apollo Energy Corporation and Hawaii Renewable Energy Alliance also testified in support of the bill, with an amendment to retain the use tax exemption for qualified businesses. Hawaiian Electric Company, and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company testified in support of the intent of this measure, and along with Hawaii Renewable Energy Alliance, suggested an amendment to clarify that the use tax exemption apply to electricity derived from all renewable resources, and not only from wind energy.

Your Committees acknowledge the benefits of renewable energy and ask that the next committee insert language to expand the general excise tax exemption to qualifying businesses that produce electric power from any renewable energy source.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. 549 and recommend that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Takumi, Davis, Marumoto, Meyer and B. Oshiro.

SCRep. 146 Energy and Environmental Protection on H.B. No. 435

The purpose of this bill is to exempt public utilities owned and not operated by the State, any county, or other political subdivision, from Public Utilities Commission (PUC) regulation. These utilities would be exempt as long as the fees generated by utility operation are not used for general funded operations or non-utility related expenses or projects.

The Consumer Advocate and County of Kauai testified in support of the intent of the bill. PUC and Kauai Island Utility Cooperative offered comments on the bill.

Your Committee finds that exemption from PUC oversight may be better addressed by the subsequent committee.

However, your Committee finds that the bill, as received, may have unintended consequences because it is unclear whether utilities that are both owned and operated by a governmental entity would remain exempt. A strict interpretation of the law would allow only those utilities that are owned by a governmental entity and operated by non-governmental entity to enjoy this exemption.

Your Committee has amended this measure by:

- (1) Clarifying that public utilities owned or operated by the State, any county, or other political subdivision, would be exempt from PUC regulation; and
- (2) Exempting public utilities owned or operated by the State, any county, or other political subdivision, from the general excise tax.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 435, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 435, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Ito and Jaffe.

SCRep. 147 Energy and Environmental Protection on H.B. No. 742

The purpose of this bill is to reduce the time to negotiate a power purchase contract between a nonfossil fuel producer of electricity and a public utility, and thereby encourage potential producers of electricity utilizing renewable energy resources to invest the capital required to develop the facilities, by:

- (1) Requiring the Public Utilities Commission (PUC) to develop and adopt a standard form power purchase contract within six months from the bill's effective date; and
- (2) Authorizing a nonfossil fuel producer to file a lawsuit based on PUC's failure to timely develop and adopt the power purchase contract.

The Mayor of Kauai, Sierra Club, Hawaii Chapter, Hawaii Renewable Energy Alliance, Apollo Energy Corporation, the Hydrogen Renewable Energy Enterprises, LLC, Life of the Land, and an individual submitted testimony in support of the bill. PUC, the Department of Business, Economic Development, and Tourism, and Consumer Advocate of the Department of Commerce and Consumer Affairs submitted testimony in support of the intent of the bill.

Hawaiian Electric and its subsidiaries, Maui Electric and Hawaii Electric Light Company submitted testimony recommending that the measure be held. Kauai Electric and Ogden Energy Group submitted comments.

Your Committee hopes the next committee will further discuss the concerns regarding:

- (1) The six-month period that PUC has to develop and adopt the standard form contract; and
- (2) The provision authorizing the nonfossil fuel producer's redress lawsuit against PUC, in the event it fails to timely develop and adopt the standard form contract.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 742, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 742, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito and Kanoho.
(Representative Meyer voted no.)

SCRep. 148 Agriculture and Higher Education on H.B. No. 1287

The purpose of this bill is to enable the University of Hawaii (UH) College of Tropical Agriculture and Human Resources (CTAHR) to conduct crucial agricultural research and outreach activities by appropriating funds to UH beyond its base budget request in the following areas:

- (1) For the continued development of high-value agricultural products and a breeding program to provide new agricultural products;
- (2) For the continued development of the agricultural biotechnology initiative; and
- (3) For the creation and adoption of agricultural management practices that protect Hawaii's environment.

Your Committees received testimony in support of the bill from: UH-CTAHR, Hawaiian Commercial & Sugar Company, Hawaii Macadamia Nut Association, Hawaii Forest Industry Association, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Kauai County Farm Bureau, Pineapple Growers Association of Hawaii, Greenpoint Nursery, Inc., Hawaii Egg Producers Cooperative, Hawaii Banana Industry Association, Hawaiian Alliance for Responsible Technology & Science, Nalo Farms, Inc., Hawaii Cattlemen's Council, Inc., Alluvion, Inc., Hawaii Agriculture Research Center, Big Island Farm Bureau, and two individuals.

Your Committees recognize that diversified agriculture is a significant component of the state economy. Therefore, any efforts to support agricultural research and outreach endeavors would further strengthen this key industry.

As affirmed by the records of votes of the members of your Committees on Agriculture and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1287 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Schatz and McDermott.

SCRep. 149 Energy and Environmental Protection on H.B. No. 1385

The purpose of this measure is to establish the procedures and requirements for net energy metering using a single meter capable of registering the flow of electricity in two directions.

Testimony in support of this measure was received from five members of the Maui County Council; Maui Recycling Group; Vertical Wind Turbine Technologies, LLC; The Hydrogen Renewable Energy Enterprise, LLC; Inter-Island Solar Supply; Hawaii Renewable Energy Alliance; Sierra Club; Life of the Land; and one individual.

Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaiian Electric Light Company supported the intent of the bill, with recommended changes.

The Department of Business, Economic Development, and Tourism and the Public Utilities Commission submitted comments. The Consumer Advocate opposed the measure, stating that it may result in unintended and undesirable consequences for the ratepayers, however, qualified his opposition.

Kauai Electric also opposed the bill due to cost concerns, suggested tax incentives instead to promote renewable energy, and requested that the bill be held.

Upon further questioning, your Committee found that the cost impacts of this measure may not be unduly high; however, more information needs to be obtained to gain a better understanding on the impact to the ratepayer and an acceptable percentage of the electrical utilities aggregate customer peak demand.

Your Committee has amended this bill by:

- (1) Adding commercial projects as eligible customer-generators; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1385, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1385, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 150 Health on H.B. No. 130

The purpose of this bill is to create a statewide licensure mechanism for retail tobacco sales to be administered by the liquor commissions that provides for:

- (1) Licensing retail tobacco vendors;
- (2) Inspection and enforcement;
- (3) Adjudication of fines and penalties;
- (4) Training and education for retail merchants; and
- (5) Creating public awareness of the State's statute governing the sale of tobacco products to minors.

Your Committee realizes that tobacco use is the leading cause of death and illness in Hawaii as well as the entire United States. Moreover, tobacco use among youth in Hawaii is rising with 28 percent of high school students reporting that they are regular smokers. The age of initiation for smoking is decreasing and is currently at the ten-year-old age group.

Your Committee also realizes that the supply of tobacco products available in Hawaii is easily obtainable by adolescents and that the sale of cigarettes to minors is common practice in our state.

Testimony in support of this measure was received from the Department of Health and the Coalition for a Tobacco Free Hawaii. The Hawaii Food Industry Association supports the concept of the measure but had concerns regarding the use of the liquor commissions as a regulatory agency for tobacco vendors.

The Honolulu Liquor Commission opposed the measure stating that more time for study was necessary on this issue. They also felt that until questions regarding the rules, regulations, and authority of the Liquor Commission regarding tobacco sales could be answered, the bill should be deferred.

The Department of Taxation also opposed this measure stating that requiring tobacco vendors and retailers to operate under both State and county regulatory agencies would create additional layers of bureaucracy and redundant expenses for the State and the counties.

Your Committee recognizes the concerns voiced by all of the interested parties and realizes that this measure is a work in progress. Accordingly, your Committee has amended the measure by, among other things:

- (1) Replacing the section on the jurisdiction of powers with a section establishing a tobacco commission under the guidance of the Department of Health;
- (2) Removing reference to the Liquor Commission and replacing it with Tobacco Commission;
- (3) Replacing the effective date with July 1, 2005; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 130, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine, Auwae and McDermott.

SCRep. 151 Energy and Environmental Protection on H.B. No. 1386

The purpose of this bill is to require the Public Utilities Commission (PUC) to adopt uniform interconnection standards and practices to create a streamlined procedure for interconnection that maintains the safety and reliability of the electric grid.

The Energy Coordinators of the County of Maui and the County of Hawaii, Apollo Energy Corporation, Vertical Wind Turbine Technologies, LLC, The Hydrogen Renewable Energy Enterprise, LLC, The Hawaii Renewable Energy Alliance and one individual testified in strong support of the bill.

The Department of Business, Economic Development, and Tourism supported the intent of the bill but deferred to the Public Utilities Commission (PUC) on the regulation of utilities. The Consumer Advocate supported the intent of the bill and recommended that a House Resolution may be more appropriate to achieve the desired goals of this bill. The Gas Company also supported the intent of the bill but asked that the standards include recommendations based on the Institute for Electrical and Electronics Engineers' (IEEE) standards, which should be finalized by the end of the year.

PUC raised concerns regarding its six-month deadline to develop these standards and practices.

The Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaiian Electric Light Company, asked that the measure be held.

Your Committee recognizes that IEEE, a respected professional engineering organization, plans to finalize a standard for interconnecting distributed generation facilities with existing electrical grids by the end of the year. However, a model package based on the work of states that have succeeded in adopting interconnection standards or whose proceedings are nearing resolution, developed by the Distributed Power Coalition of America, which this bill is based on, already exists.

Your Committee has amended this bill by:

- (1) Clarifying that the Model Standardized Interconnection Package for Distributed Generation was published in June by the Distributed Power Coalition of America; and
- (2) Making technical, nonsubstantive amendments for purposes of consistency, style, and clarity.

Your Committee respectfully requests that your Committee on Consumer Protection and Commerce address PUC's concerns regarding the timetable set forth in this bill.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1386, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1386, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 152 Education on H.B. No. 1391

The purpose of this bill is to appropriate funds for school-level positions in the fine arts in the Department of Education (DOE).

The State Foundation on Culture and the Arts (SFCA) and the Hawaii Association of Independent Schools supported this bill. DOE supported the intent of this bill.

Your Committee finds that the arts are an essential part of a balanced school curriculum and are a required part of the Hawaii State Content and Performance Standards. The arts have not been adequately supported in our public schools, and there are very few fine arts educators in DOE.

Your Committee has amended this bill by:

- (1) Adding additional language justifying the purpose of this bill;
- (2) Requiring SFCA to convene the Hawaii Arts Education Partners to implement the terms of the Hawaii Arts Education Strategic Plan;
- (3) Requiring the continued submittal of annual reports by SFCA;
- (4) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1391, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1391, H.D. 1, and be referred to the Committee on Tourism and Culture.

Signed by all members of the Committee except Representatives Takumi and Stonebraker.

SCRep. 153 Education on H.B. No. 224

The purpose of this bill is to propose an amendment to the State Constitution to change the apportionment of the Board of Education (BOE). Under the new apportionment scheme:

- (1) The BOE would consist of seventeen members, elected in a nonpartisan manner by respective school board districts;
- (2) Each school board district would consist of either three or four representative districts; and
- (3) The number of members would be increased or decreased appropriately if the number of representative districts changes.

BOE and the Hawaii Government Employees Association opposed this bill.

Your Committee finds that this bill presents a significantly improved apportionment scheme for the BOE. Currently, BOE members represent vast at-large districts, this proposed constitutional amendment would make each member responsible for a much more manageable district. The present scheme is unnecessarily complicated, and requires BOE candidates to campaign in areas to which they have little or no connection. The proposed changes would make the system comprehensible to all, and far less taxing on members who would no longer be required to represent a geographically remote constituency.

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

- (1) Requiring that each school board district be comprised of exactly three representative districts;
- (2) Deleting the provisions for increasing or decreasing BOE membership;
- (3) Amending the question to be printed on the ballot to conform to the preceding amendments; and
- (4) Deleting language stating that the amendment shall apply to the general election of 2002.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 224, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 224, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takumi and Stonebraker.

SCRep. 154 Education on H.B. No. 1302

The purpose of this bill is to propose an amendment to the State Constitution that would establish the Department of Education (DOE) as a political subdivision of the State. Under the provisions of this amendment, the DOE would be headed by a Board of Education that would enact ordinances and govern DOE in a similar manner to other political subdivisions of the State. DOE would be allowed to issue general obligation bonds and impose an educational excise tax upon retail sales of tangible personal property. DOE would contract with the Department of Taxation to collect the Education Excise Tax.

The Board of Education (BOE) supported this bill. The Department of Budget and Finance, the Department of Taxation, the Chamber of Commerce of Hawaii, and the Tax Foundation of Hawaii commented on this bill.

Your Committee finds that this bill presents a bold, new approach to governing and funding education in Hawaii. It is very difficult to establish a clear line of accountability in the DOE under the current scheme. This bill proposes a constitutional amendment that would give BOE total fiscal and administrative autonomy. With this autonomy, BOE will be able to focus on the educational needs of Hawaii without being constrained by the fiscal requirements of the rest of the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1302 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Stonebraker.
(Representative Halford, McDermott, and Ontai voted no.)

SCRep. 155 Education on H.B. No. 1303

The purpose of this bill is to statutorily establish the Department of Education (DOE) as a political subdivision of the State under Chapter 302A, Hawaii Revised Statute. Under the provisions of this new system, DOE would be removed from its current position within the executive branch. In addition, the bill eliminates the requirement that the Department of Taxation deposit a portion of the general excise tax revenues into the state education facilities improvement special fund. The bill would also establish a committee to facilitate the transition of DOE to its new status as a separate branch of government.

The Board of Education supported this bill. The Department of Taxation commented on this bill.

Your Committee finds that this bill presents a bold, new approach to governing and funding education in Hawaii. It is very difficult to establish a clear line of accountability in DOE under the current scheme. This bill implements statutory provisions that would provide DOE the autonomy to administer to the educational needs of Hawaii without being constrained by the fiscal requirements of the State.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1303 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Stonebraker.
(Representative Halford, McDermott, and Ontai voted no.)

SCRep. 156 Judiciary and Hawaiian Affairs on H.B. No. 828

The purpose of this bill is to amend Hawaii's law regarding exemptions from juror service by repealing the exemption from juror service for attorneys, heads of executive departments, elected officials, judges, ministers or priests, practicing physicians or dentists, and active members of the armed forces, police, and fire departments.

Supportive testimony was submitted by the Judiciary, Common Cause Hawaii, the League of Women Voters of Hawaii, and two private citizens.

Testimony in opposition was submitted by the Department of the Attorney General and a representative of the Christian Science ministry.

Your Committee finds that each member of the community has a civic responsibility to perform jury duty. Selection of a jury representing a broad cross-section of the population is critical to the constitutional right to be judged by a panel of one's peers. Elected officials share this responsibility as well, but should remain exempt from jury duty while actively performing the duties of public office.

Accordingly, your Committee has amended this bill by:

- (1) Providing that an elected official serving in a legislative capacity may claim exemption from jury service only when the legislative body is in session; and
- (2) Adding a sunset provision to the bill so that it will be repealed on June 30, 2003.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 828, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 828, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 157 Education on H.B. No. 961

The purpose of this bill is to effectuate its title.

H.B. No. 961 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out H.B. No. 961, as amended herein, and recommends that it be recommitted to the Committee on Education, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 961, H.D. 1.

Signed by all members of the Committee except Representative Stonebraker and Takumi

SCRep. 158 Education on H.B. No. 1040

The purpose of this bill is to effectuate its title.

H.B. No. 1040 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1040, as amended herein, and recommends that it be recommitted to the Committee on Education, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1040, H.D. 1.

Signed by all members of the Committee except Representatives Takumi and Stonebraker.
(Representatives Halford and McDermott voted no.)

SCRep. 159 Water and Land Use on H.B. No. 280

The purpose of this bill is to ensure adequate lifeguard services at public beach parks to save lives. This bill provides the State, counties, and lifeguards with immunity from liability for providing lifeguard services, except for damages caused by gross negligence, wanton acts, or omissions.

Testimony in support of this measure was presented by the Hawaii State Association of Counties, two members of the Hawaii County Council, a member of the Kauai County Council, two members of the Maui County Council, the County of Kauai Office of the County Attorney, the County of Hawaii Department of Parks and Recreation, the Hawaiian Lifeguard Association, and the Kona-Kohala Chamber of Commerce. The State Attorney General supported the intent of this measure. The City and County of Honolulu Department of the Corporation Counsel and the Consumer Lawyers of Hawaii opposed this bill. The Department of Land and Natural Resources offered comments.

Your Committee has amended this bill by incorporating changes developed by attorneys from the State, the counties, and the Consumer Lawyers of Hawaii. As amended, the State, the counties, and lifeguards will not be liable to any person for any civil damages resulting from providing lifeguard services at any public beach park or public beach.

As amended, this bill removes the exemption from liability for damages resulting from gross negligence, wanton acts, or omissions. Your Committee deliberated at length over this amendment. If the "gross negligence" provision were to remain, the counties would not be willing to provide the level of lifeguard services needed to protect ocean users due to the threat of costly lawsuits. Nor would this reduce the number of lawsuits going to trial.

However, by deleting the "gross negligence" provision, there would be no opportunity to question the "state of mind" of a lifeguard, and it would allow a public entity to remove itself from the lawsuit at the early stage. This would result in considerably lowering its exposure to an adverse judgment as well as reduce litigation costs.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 280, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, and B. Oshiro.

SCRep. 160 Water and Land Use on H.B. No. 375

The purpose of this bill is to create a task force to assimilate information, from which an appropriate Hawaii cave law may be subsequently enacted.

Unlike other states, Hawaii has no statute regarding cave law. Without protection, this unique resource of complex volcanic tubes containing delicately balanced flora and fauna, cave dwelling animals, and irreplaceable cultural features such as petroglyphs and burial remains, may be forever destroyed.

The Department of Land and Natural Resources (DLNR) and the owner of Ka'eleku Caverns on Hawaii submitted testimony in support of this measure. DLNR testified that it would convene the task force without any additional appropriations, provided that the Administration's budget request for LNR 802 receives full funding.

Your Committee has amended this bill by:

- (1) Deleting the appropriation sections; and

- (2) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 375, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 375, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 161 Water and Land Use on H.B. No. 689

The purpose of this bill is to enable the Department of Land and Natural Resources (DLNR) to become more self-sufficient in terms of administering the Forest Stewardship Program (Program) by authorizing DLNR to use conveyance tax revenues deposited into the forest stewardship fund for administrative purposes.

DLNR and the Hawaii Forest Industry Association testified in support of this measure.

Currently, DLNR relies on federal grants to administer the Program. While demand for the Program continues to increase, federal funding has steadily declined, and its future is uncertain. This measure will enable the Program to significantly restore, conserve, and expand Hawaii's private forestland resources.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 689 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito and Schatz.

SCRep. 162 Water and Land Use on H.B. No. 1339

The purpose of this bill is to correct an oversight in the impact fee law by authorizing the county water boards to assess, impose, levy, and collect impact fees relating to any development involving water supply or service.

The County of Kauai Department of Water and the County of Maui Department of Water Supply testified in support of this measure.

Your Committee finds that this bill will enable the county water boards to periodically review and modify these impact fees through a rulemaking process independent from a county council ordinance. This is consistent with the "semi-autonomous" nature of the county water boards.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1339 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 163 Judiciary and Hawaiian Affairs on H.B. No. 1140

The purpose of this bill is to:

- (1) Change the reporting time of the Elections Appointment and Review Panel (EARP) from odd-numbered to even-numbered legislative sessions; and
- (2) Appropriate \$25,000 for fiscal year 2001-2002 for the operating expenses of the EARP.

EARP testified in support of this bill. A member of EARP submitted comments.

Current law requires EARP to submit biennial performance evaluations of Hawaii's election system to the Legislature in odd-numbered years. This allows EARP only one month to prepare its report for submission. Changing the reporting time from odd-numbered years to even-numbered years, will give EARP ample time to review the operations of the election system and provide sound recommendations to lawmakers.

Your Committee further finds this appropriation will promote greater public accountability by allowing EARP to hold public hearings on proposed administrative rules in every county.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1140, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1140, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 164 Public Safety and Military Affairs on H.B. No. 1540

The purpose of this bill is to permanently repeal the 30 percent cap on the crime victim compensation special fund for operating expenses by repealing the sunset provision of Act 278, Session Laws of Hawaii 1999.:

The Department of the Prosecuting Attorney of the City and County of Honolulu, the Crime Victim Compensation Commission, and the Sex Abuse Treatment Center submitted testimony in support of this bill.

Your Committee finds that reenacting the 30 percent cap on CVCC's operating expenses would inevitably lead to a reduction in staff by at least 50 percent. This would limit CVCC's ability to adequately serve Hawaii's victims of violent crime by timely processing crime victims' claims and properly administering compensation awards.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1540 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Moses.

SCRep. 165 Public Safety and Military Affairs on H.B. No. 1664

The purpose of this bill is to assure that the Crime Victim Compensation Commission (CVCC) can continue to deposit nontax revenue into the Crime Victim Compensation Special Fund.

The Legislative Reference Bureau and the CVCC submitted testimony in support of this bill.

Act 278, Session Laws of Hawaii (SLH) 1999, temporarily repealed the 30 percent cap on CVCC's operating expenses in section 351-62(d), Hawaii Revised Statutes, for a two-year period. Act 278 also provided for the repeal of section 351-62(d) on July 1, 2001. This situation is further complicated because subsequent amendments were made to section 351-62(d) in Act 115, SLH 2000.

Your Committee finds that this measure seeks to preserve section 351-62(d) to survive its 2001 repeal date, in the form in which it read before Act 278, while preserving the amendments made by Act 215.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1664 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Moses.

SCRep. 166 Public Safety and Military Affairs on H.B. No. 1076

The purpose of this bill is to appropriate funds for the Department of Public Safety's (DPS) drug treatment programs statewide.

DPS, the Community Alliance on Prisons, American Civil Liberties Union, Drug Policy Forum of Hawaii, and a concerned citizen testified in support of this bill.

Your Committee finds that this bill allocates monies for substance abuse treatment at Waiawa Correctional Facility, Halawa Correctional Facility, and the Kauai and Maui Community Correctional Centers. DPS testified that this bill would fill in gaps in existing programs.

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

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1076, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Moses.

SCRep. 167 Economic Development and Business Concerns on H.B. No. 548

The purpose of this bill is to remove obsolete laws from the Hawaii Revised Statutes (HRS) with regard to the establishment of a stock exchange in Hawaii and related general excise tax (GET) exemptions for Hawaii stock exchange-related transactions, by repealing:

- (1) The Financial Services Assistance Program (Program) under chapter 201C, HRS; and
- (2) GET exemptions for transaction fees, membership dues, service fees, and other specified fees charged to exchange members and paid to a stock exchange in Hawaii under section 237-24.5, HRS.

Your Committee finds that the Program was enacted in 1990 to assist in establishing a stock exchange in Hawaii to take advantage of the time zone differences between the United States and the Asian markets. However, a Hawaii stock exchange was never established. Furthermore, with extended trading hours and after-hour trading on the Internet, it is no longer practical nor viable.

The Department of Business, Economic Development, and Tourism and the Office of the Lieutenant Governor testified in support of the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 548 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Marumoto.

SCRep. 168 Economic Development and Business Concerns on H.B. No. 551

The purpose of this bill is to include the Special Advisor for Technology Development (Special Advisor) under the Office of the Governor as a voting member on the following boards:

- (1) The High Technology Development Corporation (HTDC);
- (2) The Hawaii Strategic Development Corporation (HSDC); and
- (3) The Natural Energy Laboratory of Hawaii Authority (NELHA).

Your Committee notes that the Special Advisor is charged with developing, coordinating, and implementing short- and long-range state policies and directions to enhance the development of high technology industries in Hawaii. By making the Special Advisor a board member on HTDC, HSDC, and NELHA, the Special Advisor would be better able to fulfill the charge to enhance high technology in the State.

The Department of Business, Economic Development, and Tourism, the Office of the Governor, and NELHA testified in support of this measure. HTDC testified in support of the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 551 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Marumoto.

SCRep. 169 Economic Development and Business Concerns and Water and Land Use and Energy and Environmental Protection on H.B. No. 954

The purpose of this bill is to clarify the regulatory review and approval process (automatic permit approval) under section 91-13.5, Hawaii Revised Statutes (HRS) by, among other things:

- (1) Extending to December 31, 2003, the deadline in which affected agencies must adopt rules, subject to section 91-13.5, HRS;
- (2) Specifying that failure by agencies to meet the rule-making deadline will result in a one-year statutory maximum time period for the agency;
- (3) Redefining "business or development-related permit, license, or approval" to mean any state or county application, petition, permit, license, certificate or any other form of a request for approval required by specified sections and chapters of the HRS;
- (4) Setting forth requirements for agencies that administer state permit programs delegated, authorized, or approved under federal law; and
- (5) Requiring the Attorney General to:
 - (A) Develop and propose model rules for state and county agencies to implement section 91-13.5, HRS;
 - (B) Make the models rules available to the agencies; and
 - (C) Assist agencies in finding solutions to problems involved in implementing section 91-13.5, HRS.

The State Office of Planning, Hawaii Leeward Planning Conference, Land Use Research Foundation, and the Hawaii Business Roundtable testified in support of the bill. The Department of Land and Natural Resources, Public Utilities Commission, Consumer Advocate, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Maui Electric Company, Limited, The Estate of James Campbell, Hawaii's Thousand Friends, and KAHEA submitted comments on the measure. The Sierra Club, Hawaii Chapter, submitted testimony in opposition to the measure.

Your Committees acknowledged an ongoing and major concern during discussion and from previous legislative sessions regarding various board and commission quorum requirements in relation to automatic permit approval. Under section 91-13.5 (c), HRS, "all issuing agencies shall take action to grant or deny any application for a business or development-related permit, license or approval within the established maximum period of time, or the application shall be deemed approved." Therefore, a tie vote or less than majority vote by board or commission members, or lack of quorum by board or commission members would result in automatic approval of the business or development-related permit, license, or approval, if the deadline passed.

Your Committees note language on the issue contained in H.R. No. 128, H.D. 1, (2000), which requested the Legislative Reference Bureau to conduct a legal review of concerns regarding the automatic permit approval. H.R. No. 128, H.D. 1, states: "[T]he current language of the automatic permit approval statutes may force unintended outcomes from a board or commission . . . [I]f a time for action expires and less than a majority of a board or commission is in support of a permit or license, or a quorum is not maintained, then a permit or license may be automatically granted, even if it failed to garner the required affirmative support for approval" It is the intent of your Committees that board or commission voting and quorum issues with regard to automatic permit approval be deliberated by the second referral committee of this bill, the House Committee on Consumer Protection and Commerce.

Your Committees have amended the bill by excluding business or development-related permits, licenses, or approvals covered under the following sections, from section 91-13.5, HRS:

- (1) Chapter 187A, HRS (Aquatic Resources);
- (2) Chapter 188, HRS (Fishing Rights and Regulations);
- (3) Chapter 189, HRS (Commercial Fishing);
- (4) Chapter 190D, HRS (Ocean and Submerged Lands Leasing);
- (5) Chapter 200, HRS (Ocean Recreation and Coastal Areas Programs);
- (6) Chapter 205, HRS (Land Use Commission);
- (7) Chapter 205A, HRS (Coastal Zone Management);
- (8) Chapter 261, HRS (Aeronautics);
- (9) Chapter 261C, HRS (Hawaii Air Carriers);
- (10) Chapter 271, HRS (Motor Carrier Law);
- (11) Chapter 342J, HRS (Hazardous Waste); and
- (12) Chapter 346, HRS (Department of Human Services).

Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Water and Land Use and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 954, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 954, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Chang and Takumi.

SCRep. 170 Public Safety and Military Affairs on H.B. No. 862

The purpose of this bill is to make an appropriation for the establishment of three full-time social worker IV positions.

Your Committee received testimony in support of this measure from the Department of Public Safety (Department).

Your Committee finds that this bill will allow the Department to better assess inmates as they arrive at the facilities in Hawaii County, Kauai, and Maui. The National Institute of Corrections recommended to the Department that these positions be established. It is believed that having professionals onsite to make these assessments will, among other benefits, greatly assist the Department in their ongoing efforts to better identify potentially suicidal inmates.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 862 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Moses.

SCRep. 171 Public Safety and Military Affairs on H.B. No. 1374

The purpose of this bill is to appropriate funds for six public safety positions at the Hawaii State Hospital.

Your Committee received testimony in support of this measure from the Department of Public Safety. Your Committee received testimony in support of the intent of this measure from the Department of Health.

Your Committee finds that the current staffing level of security officers at the Hawaii State Hospital is inadequate. As a result, whenever an incident arises the security officer on duty is often taken away from his or her post for as long as it takes to deal with the situation. Your Committee notes that the grounds of State Hospital are very large and includes many buildings, all of which are under the jurisdiction of an inadequate amount of officers.

Your Committee has learned that two more security officer positions have been recently filled, therefore, this bill has been amended by reducing the number of requested security officer positions to four.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1374, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1374, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Moses.

SCRep. 172 Public Safety and Military Affairs and Judiciary and Hawaiian Affairs on H.B. No. 962

The purpose of this bill is to appropriate state matching funds of \$47,177 for fiscal year 2001-2002 to develop, implement, and maintain a sentencing simulation model.

The Judiciary, the Attorney General, the Department of Public Safety, the Office of the Public Defender, the Prosecuting Attorney of the City and County of Honolulu, the Corrections Population Management Commission, the Prosecuting Attorney of the County of Maui, the Honolulu Police Department, the Hawaii County Police Department, the American Civil Liberties Union, the Community Alliance on Prisons, the Drug Policy Forum of Hawaii, and a concerned citizen testified in support of this bill.

Your Committees find that continuing state matching funds for the second year of a three-year federal grant is a high priority. The information this model will provide for the state will greatly assist policy-makers in their efforts to make informed decisions in every aspect of the criminal justice system.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 962 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Souki, Yoshinaga, Whalen, Saiki and Moses.

SCRep. 173 Energy and Environmental Protection on H.B. No. 1280

The purpose of this bill is to appropriate funds to implement the Maui Invasive Species Committee (MISC) action plan.

The Department of Land & Natural Resources, MISC, O'ahu Invasive Species Committee, Life of the Land, The Nature Conservancy, Hawaii Audubon Society, the Pineapple Growers Association of Hawaii, four Maui councilmembers, and an individual submitted testimony supporting this bill.

Your Committee finds that invasive species pose a serious threat to Hawaii's ecosystems, and the work of MISC and invasive species committees on the other islands is essential in combating this threat. The proposed appropriation will leverage federal matching funds for this effort.

Your Committee finds statewide needs for rapid-response actions by the invasive species committees amount to \$2,000,000, with approximately \$1,000,000 to eradicate and control miconia and \$500,000 to eradicate Caribbean frog colonies exploding across the Big Island and Maui. The Administration has submitted only \$400,000 budget request (LNR 402) to provide seed money for all of the invasive species committees, as well as building up its own internal capacity for rapid response for invasive species. Unfortunately, due to the limiting nature of the bill's title, only Maui's request is reflected in the bill.

Your Committee has amended this bill by deleting language that was unduly confusing.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1280, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 174 Transportation on H.B. No. 725

The purpose of this bill is to:

- (1) Update the Statewide Transportation Plan (Plan) to reflect current practices and requirements; and
- (2) Establish the Statewide Transportation Advisory Committee to assist and advise the Department of Transportation (DOT) in the development of the Plan and other statewide planning matters.

DOT, the Department of Public Works and Waste Management of Maui County, and Department of Public Works and Planning Department of Kauai County submitted testimony in support of this measure. The Oahu Metropolitan Planning Organization submitted written comments on the measure.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 725 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Garcia.

SCRep. 175 Economic Development and Business Concerns on H.B. No. 793

The purpose of this bill is to authorize the issuance of general obligation bonds and appropriate funds to purchase and redevelop the Molokai Electric Power Plant site by Molokai Community Service Council, provided that the funds are expended only for the establishment of a business incubator and telecommunications hub on the property.

The U.S. Department of Commerce, Economic Development Association, Office of Hawaiian Affairs, the Chair and a councilmember of Maui County, Moloka'i Community Service Council, and several individuals testified in support of the measure.

Your Committee has amended this bill by:

- (1) Providing that the funds are also to be expended for purchasing a business incubator and telecommunications hub on the property; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 793, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 793, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Suzuki, Takumi, Marumoto and Ontai.

SCRep. 176 Health and Human Services and Housing on H.B. No. 411

The purpose of this bill is to restrict the prices of prescription medications to individuals without health insurance to be consistent with the prices in the federal medical supply schedule.

Testimony in support of this measure was received from the Hawaii Primary Care Association and the Policy Advisory Board for Elder Affairs.

The Executive Office on Aging submitted testimony in support of the intent of this measure but did have some concerns on whether the bill was constitutional or posed a threat to free trade or consumer protection.

The Department of Human Services opposed the measure because it would require the implementation of a new program and result in increased costs to the State.

Opposition to the measure was also received from the Pharmaceutical Research and Manufacturers of America and the Hawaii Pharmacists Association. Their concern was that the bill appeared to fix prices for medicines. Furthermore, it was felt that private pharmacists, who purchase medicines at a base rate, would be put at an unfair advantage with regards to government agencies who receive their pharmaceuticals at the lower, federally mandated rate.

Your Committees recognize that in this modern age, a vast array of medications is available for the treatment of numerous ailments. Unfortunately, many of these medications may not be available to people in Hawaii due to a lack of medical insurance and the inability to pay for these medications out of pocket. Moreover, your Committees find that oftentimes these people go without necessary medications and are more likely to visit an emergency room for medical treatment.

Your Committees, understanding the need for such a program and the concerns of the pharmacists and pharmaceutical companies, have decided to amend this measure by:

- (1) Providing tax credits to pharmacists and pharmaceutical companies who donate pharmaceuticals and health care supplies to be utilized by needy persons; and
- (2) Extending the Good Samaritan Law to pharmacists who provided pharmaceuticals and health care supplies to needy persons.

Your Committees also note that this benefits the Medicine Bank of Hawaii who provides medical supplies and pharmaceuticals to indigent persons.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 411, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 411, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 177 Health and Human Services and Housing on H.B. No. 91

The purpose of this bill is to make an appropriation to the Department of Human Services to fund respite care services to relieve family stress.

Your Committees understand that families of individuals with developmental delays or disabilities, serious or chronic illnesses, emotional disabilities, or mental illness, often experience ongoing financial, physical, and emotional stress. This can have a profound impact on the caregiver's and family's lives including the emotional, physical, social, and mental well being of parents and siblings.

It is further understood that respite care services play an essential role in the family's ability to continue to provide care for a family member at home rather than turning to less desirable options. Moreover, your Committees realize that the best place for these individuals to reside is at home, with a loving family in a conducive environment.

Testimony supporting the intent of this measure was received from the Mental Health Association of Hawaii, the Disability and Communication Access Board, the National Alliance for the Mentally Ill Oahu, the State Planning Council on Developmental Disabilities, and various families who use respite care. However, it was felt by most of these organizations that H.B. No. 76, a bill with a similar focus, and H.B. No. 91 could be merged and increase the populations H.B. No. 91 will serve.

The Department of Human Services presented testimony in support of the intent of this measure. The Department of Health supported the intent of the measure and saw no problem with merging H.B. No. 76 and H.B. No. 91.

Therefore, after careful consideration of the testimony provided, your Committees have decided to pass this measure with amendments that include the following:

- (1) Adding an appropriation section that specifies funding to be expended by the Department of Health for respite care services and the areas, which shall be funded;
- (2) Specifying the type of caregiver that shall receive respite care services; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

Your Committees would also like to recommend that the Department of Health submit language regarding the continuation of the Respite Care Task Force to be included in the bill at its next public hearing, helping to ensure family member input and the continuation of the Respite Care Task Force.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 91, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 91, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker..

SCRep. 178 Health on H.B. No. 282

The purpose of this bill is to make various amendments and name changes to the developmental disabilities law.

Your Committee understands that this is a housekeeping measure, which allows state statute to be in compliance with changes in the Federal Developmental Disabilities Law.

Testimony in support of this measure was received from the State Planning Council on Developmental Disabilities and the Disability and Communication Access Board. The Department of Health supported the intent of the measure but proposed several amendments to clearly reflect the changes in the federal law.

After deliberation with the three above-mentioned organizations, your Committee has amended this bill by:

- (1) Removing language describing the roles of state departments and their inter-agency efforts;
- (2) Removing language describing the Developmental Disabilities Council's (Council) coordinated plans guiding the delivery of all services to people with developmental disabilities;
- (3) Removing language that authorizes the Council to establish the priorities for the distribution of public funds for services to individuals with developmental disabilities;
- (4) Removing language that authorizes the Council to provide for the coordinated delivery and establishment of comprehensive services and programs for individuals with developmental disabilities;
- (5) Removing language that authorizes the Council to designate areas of responsibilities for individuals with developmental disabilities;
- (6) Inserting language that stresses the Council's role as involving advocacy, capacity building, systemic change, planning and coordinating activities, promoting interagency collaboration, and enhancing coordination to better serve individuals with developmental disabilities and their families; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 282, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 282, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 179 Health 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 realizes the sharing of needles by intravenous (IV) drug users is a major cause of the spread of HIV, Hepatitis B, Hepatitis C, and other fatal blood borne diseases. Although this is common knowledge among IV drug users, the practices of needle sharing and IV drug use have not diminished.

Furthermore, your Committee recognizes that research conducted by the Federal Government determined that increased access to sterile syringes does not lead to increased drug use, but instead reduces transmission of deadly blood borne diseases.

Testimony in support of this measure was received from the Department of Health, University of Hawaii John A. Burns School of Medicine, Governor's Committee on HIV/AIDS, HIV Prevention Community Planning Group, Life Foundation, CHOW Project, Hawaii Public Health Association, AIDS Community Care Team, Department of Human Services, Drug Policy Forum of Hawaii, Association for Professionals in Infection Control and Epidemiology, HARM Reduction Hawaii, and the Hawaii Pharmacists Association.

Testimony opposing this measure was received from the Honolulu Police Department and the Department of the Prosecuting Attorney of the City and County of Honolulu. These agencies felt that this measure weakened the 'bridge to treatment' features of the current needle exchange program and provided another opportunity for intravenous drug users to obtain syringes for the use of illicit drugs.

Although your Committee understands the concerns of both the Honolulu Police Department and the Prosecuting Attorney's Office, your Committee finds that the health implications of this measure far outweigh these concerns and accordingly recommends passage of this measure without amendments.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 646 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative McDermott.

SCRep. 180 Health on H.B. No. 699

The purpose of this bill is to delete the requirement that individuals who are to be tested for substance abuse be given a "medication" disclosure form.

Testimony in support of this measure was received from the Department of Health and the Office of the Lieutenant Governor.

Your Committee recognizes that this is an administration bill that is part of the Slice Waste and Tape (SWAT) Program. Moreover, your Committee realizes that this measure eliminates an unnecessary form and duplication of work.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 699 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 181 Health on H.B. No. 1075

The purpose of this bill is to allow tattoo artists to apply facial tattoos without physician supervision.

Testimony in support of this measure was received from various facial tattoo artists, derma-technicians, and concerned citizens.

The Department of Health opposed this measure stating that facial tattooing in close proximity to extremely sensitive parts of the human anatomy should be done under the supervision of a physician. Moreover, the Department had some concerns regarding the health or medical background of the tattoo artists.

Your Committee understands that in 1990 legislation was enacted regulating tattoo artists performing any procedures above the jaw line. This legislation required that tattoo artists performing such procedures be under the general supervision of a physician. However, your Committee finds that the term "general supervision" was deemed too vague by many physicians and made them unwilling to sign any forms that may increase their liability. Thus, many talented, properly trained, and licensed tattoo artists that specialized in permanent makeup and cosmetic tattooing were not able to renew their licenses.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1075 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.
(Representative McDermott voted no.)

SCRep. 182 Health on H.B. No. 85

The purpose of this bill is to:

- (1) Allow the caregiver of a child to give medical and educational consent by affidavit provided that educational consent is limited to school-related medical care; and
- (2) Subject caregivers to criminal penalties for making false statements on an affidavit.

Testimony in support of this measure was received from the Na Tutu Coalition and the Windward Oahu Family and Community Education organization.

The Department of Human Services supported the intent of this measure but had reservations regarding the validity of the affidavit without further legal support and authorization.

Serious concerns regarding this measure were also verbalized by the Department of Education (DOE). DOE felt that this measure would force them to be in non-compliance with the Federal Individuals with Disabilities Education Act and federal requirements regarding the Felix Consent Decree. DOE also voiced concerns regarding the validity of the proposed affidavit.

Your Committee understands that many children in Hawaii are being abandoned for reasons such as illicit drug use, alcoholism, and divorce. Moreover, these children are generally cared for by grandparents or other family members. In addition, your Committee finds that although these persons are the primary caregivers of the child, they are not allowed to make decisions for child related school matters and school related medical care. This can create a hardship to the caregiver as well as the child.

Recognizing that grandparents and other family members do play an important role as primary caregivers for many children in Hawaii and the concerns expressed by the Department of Human Services and DOE, your Committee has amended this bill by:

- (1) Addressing the possible abuse of the process to obtain geographical exemption;
- (2) Amending the length of time a child must be with the primary caregiver before an affidavit will be issued;
- (3) Allowing the Superintendent of Education to waive this time requirement;
- (4) Exempting minors to whom the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973 and the Felix Consent Decree applies;
- (5) Allowing the Department of Education to make an annual review of the affidavit; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 85, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 85, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 183 Health on H.B. No. 917

The purpose of this bill is to:

- (1) Protect the health, safety, and welfare of the people of Hawaii from those social work practitioners who are unauthorized, unqualified, and otherwise inadequately prepared to practice in the area of clinical social work; and
- (2) Require licensure for independent clinical social workers and sets minimum standards of qualification, levels of education, and experience for those persons who seek to represent themselves to the public as independent clinical social workers.

Testimony in support of this measure was received from the State Department of Human Services, the American Board of Examiners in Clinical Social Work, and clinical social workers throughout the State.

Testimony in opposition to this measure was received from the Department of Commerce and Consumer Affairs (Department) who felt that various studies performed by the Auditor did not warrant the need for a licensure of clinical social workers. Moreover, the Department felt that clinical social workers posed no significant threat to the welfare of the community and that creating a licensure mechanism would only add another bureaucracy to the Department.

Your Committee realizes that clinical social workers play an invaluable role in today's society, especially among those who need mental health services. Moreover, it is understood that clinical social workers, as opposed to general social workers, are specifically trained, educated, and experienced in mental health practices.

Your Committee further recognizes that the current social work title protection law does not set high qualification standards for clinical social workers, especially those in independent practice. This measure attempts to remedy this situation and protect the citizens of the State of Hawaii.

Your Committee recognizes that this bill to authorize clinical licensed social workers is an extension of the consumer protections granted last session when the Legislature extended the title protection for social workers. However, Hawaii's current laws do not distinguish the competencies required of a clinical social worker from those required of a nonclinical social worker. Currently, only clinically licensed social workers will be eligible for Medicaid reimbursement. Since the State has no clinical licensing standard, no Medicaid matching funds may be used for independent clinical social work practitioners.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 917 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 184 Health on H.B. No. 945

The purpose of this bill is to amend the definition of practice of social work to include the clinical diagnosis and psychotherapy by a clinical social worker who is both a licensed social worker and certified in clinical social work by the National Association of Social Workers or the American Board of Examiners in Clinical Social Work.

The Department of Commerce and Consumer Affairs, the University of Hawaii School of Social Work, the Sex Abuse Treatment Center, the Family Support Services of West Hawaii, the National Association of Social Workers, and various clinical social workers from throughout the State, testified in support of this measure.

Your Committee understands that many licensed social workers practice psychotherapy in their daily work. Further, graduate programs in social work teach the process of psychotherapy in terms of how to conduct psychosocial assessments, how to make a clinical diagnosis, how to apply psychotherapeutic techniques as a part of their treatment, and how to conduct treatment evaluations.

Your Committee finds that the addition of the language of psychotherapy to the scope of practice to the current social work licensing law, would be beneficial to citizens in need of mental health services and substance abuse treatment throughout the State, especially those in rural areas.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 945 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 185 Health on H.B. No. 1306

The purpose of this bill is to establish the State Birth Defects Program.

Testimony in support of this measure was received from the Hawaii Medical Association, the Hawaii Birth Defects Program Advisory Committee, and concerned citizens. The Department of Health supported the intent of the measure.

Kaiser Permanente supported the intent of the bill, but had serious concerns regarding patient confidentiality laws and possible violations with this measure.

Your Committee realizes that birth defects are the leading cause of infant and childhood death and long term childhood disability in Hawaii. Moreover, for the last 12 years, the Hawaii Birth Defects Program has been compiling data on the incidence, trend, and clustering of birth defects. This data has been used by various agencies as a tool to determine whether environmental hazards are associated with selected birth defects and to identify possible causes or risk factors associated with birth defects.

Your Committee has amended the measure by:

- (1) Protecting patient confidentiality;
- (2) Amending the appropriations in the measure to \$1 to facilitate further discussion; and
- (3) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1306, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1306, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 186 Agriculture on H.B. No. 1323

The purpose of this bill is to require the Department of Land and Natural Resources (DLNR) and the Department of Agriculture (DOA) to repair and properly maintain Kailua Reservoir, including the repair and maintenance (R&M) of the reservoir's overflow control valve.

Several individuals testified in support of this bill. The Waimanalo Neighborhood Board supported the intent of this bill. DOA and DLNR submitted comments on the measure.

Your Committee has amended this bill by:

- (1) Requiring only DLNR to repair and properly maintain the Kailua Reservoir, including the R&M of the reservoir's overflow control valve;
- (2) Stipulating that DLNR contract with a private individual, entity, or community-based organization for the R&M of Kailua Reservoir;
- (3) Providing an appropriation for an unspecified amount to DOA contract for the R&M of Kailua Reservoir; and
- (4) Requiring DLNR to submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2002 on the actions taken with regard to the R&M of Kailua Reservoir; and
- (5) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1323, H.D. 1, and be referred to the Committee on Water and Land Use.

Signed by all members of the Committee.

SCRep. 187 Judiciary and Hawaiian Affairs on H.B. No. 1001

The purpose of this bill is to repeal the statutory requirement that garnishees receive an allowance for every appearance at a garnishment case before the circuit and district courts.

Supportive testimony was submitted by the Judiciary; Maui Collection Services, Inc.; Select Consulting Service; Credit Associates of Maui, Ltd.; Kauai Credit Adjusters, Ltd.; State Wide Collections, the Bureau of Medical Economics, Ltd.; Credguard Corporation; Asset Recovery Group; a concerned attorney in private practice, and nine concerned citizens.

The Judiciary has made efforts to address accounting problems associated with monitoring the garnishee fees in Judiciary trust accounts and monitoring garnishee compliance. However, in evaluating the minimal benefit of the garnishee fee requirement and the burden on both filing parties and staff, the Judiciary has recommended, and your Committee has concurred, that the elimination of the garnishee fee altogether provides a simple solution.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1001 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 188 Judiciary and Hawaiian Affairs on H.B. No. 168

The purpose of this bill is to establish a task force to comprehensively review, evaluate, and recommend changes to Hawaii's election laws regarding vote tabulation, and in particular, consideration of automatic recount and contest procedures.

Supportive testimony was submitted by Common Cause Hawaii. The Office of Elections and the League of Women Voters testified in support of the intent of this measure. The Hawaii Republican Party Chair testified orally in support of the bill.

Your Committee concurs with the objectives of this bill and believes it will help to reestablish the public's confidence in the elective process.

After careful consideration, your Committee has amended this bill by:

- (1) Reducing the number of task force members appointed by the Speaker of the House of Representatives and the Senate President from three to two;
- (2) Providing that the Minority Leaders of the House of Representatives and Senate each appoint one task force member;
- (3) Clarifying language in the purpose section of the bill; and
- (4) Making various technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 168, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 189 Judiciary and Hawaiian Affairs on H.B. No. 462

The purpose of this bill is to standardize Hawaii's arbitration laws with those used in other states by codifying the Uniform Arbitration Act.

Supportive testimony was submitted by the Hawaii Commissioners to the National Conference of Commissioners on Uniform State Laws (Commissioners).

Your Committee asserts that arbitration is a desirable alternative to litigation, and believes this bill will help to advance this public policy. Among other things, this bill will:

- (1) Facilitate arbitration as an effective means of resolving contractual disputes by augmenting procedures to meet modern needs; and
- (2) Ensure that the State will not be preempted by the Federal Arbitration Act.

Upon closer inspection, your Committee has amended this bill by revising a reference in SECTION 4 that was incorrectly cited.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 462, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 462, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 190 Judiciary and Hawaiian Affairs on H.B. No. 1516

The purpose of this bill is to amend Hawaii's law regarding the compensation for court-appointed counsel in state criminal cases by:

- (1) Providing that expenses and fees shall be ordered by the court upon proof by exhibit, affidavit, testimony, or other credible evidence submitted by appointed counsel;
- (2) Providing the court with the discretion to consider the nature of the case and the quality of counsel's representation in determining whether requested fees and costs were reasonably incurred;
- (3) Increasing the maximum fee schedule to correspond with the rates of pay provided to court-appointed counsel in the federal district court of the State of Hawaii; and
- (4) Repealing judicial discretion to award payment in excess of the maximum fee schedule.

Testimony in support of this measure was submitted by the Judiciary, the Office of the Public Defender, and concerned individuals. The Hawaii Association of Criminal Defense Lawyers submitted testimony in support of the intent of the measure. The Department of Budget and Finance and an individual commented on the measure.

Your Committee believes that state appointed counsel are just as essential to the state criminal justice system as their federal counterparts, and should therefore receive comparable compensation.

Your Committee has amended this bill by:

- (1) Adopting the Judiciary's suggestion that judges continue to be allowed the discretion to award compensation in excess of the maximum fee schedule; and
- (2) Making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1516, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 191 Consumer Protection and Commerce on H.B. No. 586

The purpose of this bill is to allow professional and vocational licenses of business entities to be converted when the underlying entity has converted or merged to form a new business entity. To convert a professional or vocational license under the bill, licensees are required only to file applications for conversion and pay initial fees specified by the licensing agency. A converted license is

automatically forfeited if the license holder fails to continue to comply with other licensing requirements of the profession or vocation.

Testimony in support of this measure was received from the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs.

Your Committee finds that Act 280, Session Laws of Hawaii (SLH) 1999, provided for the conversion from one form of ownership to another form, of business entities including domestic corporations, foreign corporations, general partnerships, limited partnerships, limited liability companies, or limited liability partnerships. However, there is no provision in this Act allowing conversion of the business entity's professional and vocational license to reflect the change in ownership form. Your Committee finds that this measure provides a remedy for this oversight.

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

- (1) To substitute specific section numbers of applicable business entity conversion provisions enacted in Act 280, SLH 1999, for the general chapter references previously contained in the bill; and
- (2) For clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 586, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 192 Consumer Protection and Commerce on H.B. No. 653

The purpose of this bill is to eliminate substance abuse counselor certification requirements to certain licensed professionals, such as physicians, psychologists, clinical social workers, and advanced practice registered nurses, for health insurance reimbursement.

The Department of Health, Hawaii Psychiatric Medical Association, Hawaii Psychological Association, Kaiser Permanente, Hawaii Medical Association, and Hawaii Nurses Association testified in support of this bill.

Existing statutory provisions require certain licensed health care professionals to receive credentialing from the Department of Health to provide and be reimbursed for substance abuse treatment. Your Committee finds that this credentialing requirement is unnecessary because these professionals are already certified by their respective professional organizations.

There is a great need for professionals with specialized training to treat substance abuse. Your Committee finds that this bill would increase the number of licensed professionals who are eligible to be reimbursed for substance abuse treatment services, which would in turn improve accessibility to substance abuse treatment services, particularly in areas where there are few certified practitioners.

Your Committee 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 members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 653, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 653, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 193 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 201

The purpose of the bill is to delay the effective date of the Privacy of Health Care Information Act, Act 87, Session Laws of Hawaii 1999, to January 1, 2003.

Testimony in support of the measure was submitted by the Department of Labor and Industrial Relations, Healthcare Association of Hawaii, Hawaii Civil Rights Commission, Health Insurance Association of America, University of Hawaii Professional Assembly, and the Building Industry Association.

Comments were provided by the Office of Information Practices, American Council of Life Insurers, Kaiser Permanente, Society of Human Resource Management, Chamber of Commerce of Hawaii, Hawaii Attractions Association, Retail Merchants of Hawaii, Hawaii Association of Independent Schools, University of Phoenix - Hawaii Campus, Hawaii Business Roundtable, Office of the Lieutenant Governor, State Farm Insurance Companies, Hawaii Employers' Mutual Insurance Company, Honolulu Department of the Prosecuting Attorney, Kona-Kohala Chamber of Commerce, Glaxo Smithkline, and National Association of Insurance and Financial Advisors.

Testimony in opposition was submitted by Queen's Health Systems, Legislative Information Services of Hawaii, ILWU Local 142, Hawaii Insurance Association of America, Hawaii State Teachers Association, Hawaii Medical Association, Hawaii Insurers Council, Hawaii Independent Insurance Agents Association, Hawaii Bankers Association, Kokua Council, Diagnostic Laboratory Services, Inc., Honolulu Department of Human Services, Advocates for Consumer Rights, and Hawaii Hotel Association.

Your Committees find that Act 87 was adopted in 1999 to protect the privacy of personal health care information and imposed a complex scheme of notification, authorization, and record-keeping enforced by civil and criminal penalties. When the law became effective in July 2000, confusion about the law and concern about the Act's criminal penalties effectively halted workers' compensation litigation and paralyzed certain relationships among employers, employees, doctors, patients, and insurers, and resulted in high compliance costs. In August of 2000, a Special Session of the Legislature enacted a one-year moratorium of the law to allow amendments to be made.

Since then, proposed amendments were developed by the Medical Privacy Task Force (Task Force), which was established by Act 140, Session Laws of Hawaii 2000. The amendments were submitted to the Legislature in December 2000. Among the amendments proposed by the Task Force were those simplifying and reducing notice requirements, exempting specific uses and disclosures of protected information from authorization requirements, providing a more gradual system of criminal penalties, and repealing the civil remedy for noncompliance with the law.

Pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the federal Department of Health and Human Services in December 2000, issued final privacy regulations applicable to all individually identifiable health information handled by certain health plans, health care providers, and health care clearinghouses. These regulations will go into effect in February 2003, although small health plans will have an additional year to comply. HIPAA regulations will supersede all contrary state laws except: laws that are more stringent than the regulations; laws that serve a compelling need related to public health, safety or welfare; laws that serve to regulate controlled substances; or laws that relate to certain state reporting requirements.

Your Committees find that the final form and impact of HIPAA regulations remain unsettled. In light of this uncertainty, your Committees find that an outright repeal of Act 87 would be premature and would unnecessarily limit the options available to the Legislature in responding to HIPAA medical privacy regulations. Accordingly, your Committees have amended this bill to delay the effective date of Act 87 until July 1, 2004, one and a half years after HIPAA medical privacy regulations take effect on February 26, 2003.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 201, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 201, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Auwae, Case and Yoshinaga.

SCRep. 194 Judiciary and Hawaiian Affairs on H.B. No. 1004

The purpose of this bill is to amend the original jurisdiction of the supreme court by:

- (1) Transferring original jurisdiction over cases related to elections from the supreme court to the circuit court of the first circuit and establishing an appeals process;
- (2) Transferring original jurisdiction over certain cases related to the state budget from the supreme court to the circuit court of the first circuit and establishing an appeals process;
- (3) Transferring original jurisdiction over certain cases arising under Hawaii's public procurement code from the supreme court to the circuit court of the first circuit;
- (4) Transferring original jurisdiction over certain cases related to the Hawaii tourism authority from the supreme court to any circuit court within the State and establishing an appeals process;
- (5) Transferring original jurisdiction over certain cases related to the Hawaii community development authority from the supreme court to any circuit court of the State and establishing an appeals process; and
- (6) Transferring original jurisdiction over certain cases related to the Kalaeloa community development authority from the supreme court to any circuit court of the State and establishing an appeals process.

The Judiciary submitted testimony in support of this measure.

Your Committee finds that requiring the supreme court to exercise original jurisdiction as a fact-finder distracts the court from its appellate work. In certain cases, however, the necessity for quick resolution and finality requires that original jurisdiction be exercised by the supreme court.

Accordingly, your Committee has amended this bill by:

- (1) Maintaining original jurisdiction over cases related to elections in the Supreme Court;
- (2) Establishing an appeals process for cases arising under Hawaii's public procurement code;
- (3) Providing that cases relating to the Hawaii community development authority shall be brought into the circuit court of the circuit where the case or controversy arises;
- (4) Specifying that the circuit court of the first circuit shall exercise original jurisdiction over cases related to the Kalaeloa community development authority; and
- (5) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1004, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 195 Judiciary and Hawaiian Affairs on H.B. No. 523

The purpose of this bill is to clarify laws that prohibit the unauthorized practice of law (UPOL) by:

- (1) Repealing obsolete statutory language; and
- (2) Strengthening criminal penalties.

Testimony in support of this measure was submitted by the Department of the Attorney General.

Currently, first-time UPOL offenders can only be prosecuted for a violation and are subject to a fine not exceeding \$1,000. Your Committee recognizes that this fine does not accurately reflect the damage inflicted by people who do not have the training or education necessary to practice law.

Accordingly, your Committee believes that this bill, as presently drafted, will create a stronger deterrent against UPOL and enhance the public's confidence in the legal profession.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 523 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 196 Judiciary and Hawaiian Affairs on H.B. No. 1538

The purpose of this bill is to standardize Hawaii's child custody laws with those found in other states by enacting the Uniform Child Custody Jurisdiction and Enforcement Act.

Testimony in support of this bill was submitted by the Hawaii Commissioners on Uniform State Laws, the Domestic Violence Clearinghouse, and the Hawaii State Coalition Against Domestic Violence.

Your Committee believes this bill will serve the best interests of children involved in child custody disputes by:

- (1) Increasing the certainty of the outcomes of child custody disputes among states; and
- (2) Decreasing the length of the enforcement process.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1538 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 197 Energy and Environmental Protection on H.B. No. 369

The purpose of this bill is to effectuate its title.

H.B. No. 369 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the action to report out H.B. No. 369, as amended herein, and recommends that it be recommitted to the Committee on Energy and Environmental Protection, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 369, H.D. 1.

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

SCRep. 198 Tourism and Culture on H.B. No. 1216

The purpose of this bill is to appropriate funds to the Korean Centennial Celebration Commission (Commission), which was established by Act 231, Session Laws of Hawaii 2000, in preparation for the celebration of the centennial anniversary of the arrival of the first Koreans to Hawaii.

Your Committee notes that Korean immigration to the United States started in Hawaii in 1903, and up until the late 1960s, Hawaii's Korean population was the largest Korean concentration in the United States. The upcoming centennial celebration will highlight the rich culture and proud heritage of Koreans in Hawaii and their contributions to the community.

The State Foundation on Culture and the Arts, the Korean American Bar Association of Hawaii, the Commission, and an individual testified in support of the measure.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to enable more flexibility in legislative deliberations over the fiscal impact of the bill in the House Committee on Finance; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1216, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Halford and Ontai.

SCRep. 199 Tourism and Culture on H.B. No. 1278

The purpose of this bill is to appropriate funds to support the Maui Arts and Cultural Center (MACC) and its work in arts education with Maui Community College and the Department of Education (DOE).

The State Foundation on Culture and the Arts (SFCA) submitted testimony in support of the bill with reservations, as SFCA indicated that funding for MACC's operations should not in any way further diminish support to the SFCA Grants Program.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to enable more flexibility in legislative deliberations over the fiscal impact of the bill in the House Committee on Finance; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1278, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Halford and Ontai.
(Representative Marumoto voted no.)

SCRep. 200 Public Safety and Military Affairs on H.B. No. 996

The purpose of this bill is to make the Drug Demand Reduction Special Fund permanent.

The Department of Health (DOH), the Prosecuting Attorney of the City and County of Honolulu, and the Hawaii Substance Abuse Coalition submitted testimony in support of this bill. The Judiciary supported the intent of this bill.

Your Committee finds that this fund is a useful supplemental source of funding for the efforts of DOH to reduce the demand for drugs. The Judiciary has increased the amount of assessments made to the special fund each year since its inception.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 996 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Moses.

SCRep. 201 Public Safety and Military Affairs on H.B. No. 757

The purpose of this bill is to allow the State and counties to designate buildings that shall comply with hurricane shelter resistance criteria.

The Kauai County Council submitted testimony in support of this bill. The Department of Defense and the Department of Education supported the intent of this bill.

Your Committee finds that modifying already constructed school facilities to comply with resistance hurricane criteria would add to the limited amount of spaces. However, there is concern that the program would be too costly to implement.

Your Committee has amended this bill to:

- (1) Remove its applicability from school buildings planned, designed, constructed, and equipped before July 1, 2002.
- (2) Insert language to clarify that the Director of Civil Defense is to retain the discretion granted under chapter 128.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 757, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Moses.

SCRep. 202 Public Safety and Military Affairs on H.B. No. 963

The purpose of this bill is to change the composition of the Hawaii Paroling Authority (Authority) to consist of three full-time members, rather than one full-time and two part-time members.

Your Committee received testimony in support of this measure from all three members of the Authority, the Department of Public Safety, the Prosecutor of the City and County of Honolulu, and Government Efficiency Teams, Inc.

Your Committee finds that the workload of the Authority has steadily increased over the decades since composition was established under chapter 353, Hawaii Revised Statutes. Your Committee also finds that the two part-time members have duties, responsibilities, and workloads that exceed those of many full-time employees of the State.

Your Committee has amended this measure to incorporate updated figures regarding the cost of converting these two positions.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 963, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 963, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Moses.

SCRep. 203 Water and Land Use on H.B. No. 998

The purpose of this bill is to clarify various provisions relating to the land court (chapter 501, Hawaii Revised Statutes) by:

- (1) Allowing for discreet corrections to the certificate of title. Currently, the Assistant Registrar cannot accept the documents for recordation;
- (2) Allowing the probate court to issue a document certifying the powers of an authorized foreign personal representative to distribute the registered land or estate of a decedent; and
- (3) Enabling an authorized foreign personal representative, having obtained the certified acknowledgement of authority from the probate court, to sell and convey the registered land or estate of the decedent to another party.

The Department of Land and Natural Resources, the Judiciary, and Title Guaranty of Hawaii, Inc., testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 998, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 998, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito and Schatz.

SCRep. 204 Water and Land Use on H.B. No. 444

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR), when burial sites are inadvertently uncovered, to:

- (1) Implement a mitigation plan for the landowner, permittee, or developer; and
- (2) Charge a fee for execution of the plan.

DLNR and the Office of Hawaiian Affairs submitted testimony in support of this measure along with suggested amendments.

Accordingly, your Committee has amended this bill by:

- (1) Authorizing DLNR to implement the mitigation plan only upon request; provided that the landowner, permittee, or developer solicited bids from at least two other pre-qualified archaeological firms qualified to implement the mitigation plan; and

- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 444, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 444, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Schatz.

SCRep. 205 Water and Land Use on H.B. No. 505

The purpose of this bill is to authorize the Department of Land and Natural Resources to issue a new lease to Oceanic Institute, the existing lessee, at Makapuu, Oahu, subject to certain conditions.

For purposes of this public hearing, your Committee circulated a proposed House draft that deletes the provisions of the bill and inserts new language that requires legislative review of any executive order that transfers the Ala Wai Golf Course lands back to the State.

Currently, section 46-65.7, Hawaii Revised Statutes (HRS):

- (1) Authorizes the Governor to transfer, by executive order, the use and control of the lands, property, and facilities, or any part, relating to the Ala Wai Golf Course to an appropriate state department or agency; and
- (2) Requires that the Governor provide six months' written notice to the City before the date of the transfer back to the State.

The Board of Public Golf Courses testified in support of this measure.

Based on a review of the legislative history of section 46-65.7, HRS, your Committee finds that the Legislature never intended to suspend legislative review of the executive order on a permanent basis. Prior to 1993, section 46-65.7, HRS, required the Governor to provide a one-year written notice before issuing any executive order to transfer the Ala Wai Golf Course lands back to the State. The one-year period provided Hawaii's part-time Legislature with ample opportunity to review and act on any executive order to transfer these lands back to the State.

However, in 1993, the Legislature addressed the siting of the Convention Center at either the Aloha Motors property or the Ala Wai Golf Course. Act 7, Special Session Laws of Hawaii 1993, among other things, amended section 46-65.7, HRS, by reducing the one-year written notice requirement to six months, thereby effectively removing any opportunity for legislative review. This amendment was made specifically to expedite the possible construction of the Convention Center at the Ala Wai Golf Course, by removing a hurdle that could have delayed the project.

Since the Convention Center was eventually built at the Aloha Motors site, there is no longer any need to continue to exclude legislative review of any executive order pertaining to any transfer of the Ala Wai Golf Course lands.

Upon further consideration, your Committee has amended this bill by incorporating the provisions contained in the proposed House draft that was made available for this public hearing.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 505, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 505, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz and Meyer.
(Representative Thielen voted no.)

SCRep. 206 Water and Land Use and Economic Development and Business Concerns on H.B. No. 1149

The purpose of this bill is to encourage the development of high technology endeavors to enhance job growth and creation, and to expand economic development opportunities in the State. This bill authorizes the issuance of special purpose revenue bonds (SPRBs) to assist Science and Technology International (STI) in financing the costs related to its relocation to, and construction of, a new facility in Kakaako.

The Hawaii Community Development Authority and STI testified in support of this bill. The High Technology Development Corporation supported the intent of this measure, and the Department of Budget and Finance (B&F) offered comments.

STI is a homegrown company that is involved in light manufacturing and research. A pioneer in hyperspectral imagery, STI manufactures optical imaging instruments that can be used to detect submarines, screen for cancer cells, and characterize environmental problems, oil spills, and so forth.

Since STI has tripled in size within the last 18 months, it needs to relocate from its present office space in the downtown area. This measure will assist STI in its expansion plans to Kakaako and possibly to Eleele on Kauai.

Your Committees have amended this bill by:

- (1) Replacing references to Science Technology Innovations with STI;

- (2) Directing B&F to process applications for SPRBs in accordance with its requirements and authorizing it to issue refunding SPRBs;
- (3) Clarifying that it is in the public interest to assist science technology innovations and related endeavors;
- (4) Changing the lapsing date for the authorization from June 30, 2006, to June 30, 2004, based on B&F's recommendation; and
- (5) Inserting the maximum amount of SPRBs that may be issued to \$50,000,000.

The \$50,000,000 represents the current best estimate that is subject to change.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1149, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1149, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Meyer, Case, Chang and Suzuki.

SCRep. 207 Transportation on H.B. No. 831

The purpose of this bill is to reduce the administrative burden of shipping a motor vehicle interisland, while providing law enforcement agencies and financial institutions the means of obtaining information on the shipped vehicle by:

- (1) Authorizing the registered owner, or its authorized agent, to ship the motor vehicle interisland, without the written consent of the legal owner, usually a financial institution; and
- (2) Requiring the carrier to maintain, for not less than three years, the vehicle identification number acquired by a physical inspection, shipping records, and a description of the vehicle that shall be available for inspection by law enforcement agencies and financial institutions.

The Hawaii Bankers Association and Young Brothers, Ltd. submitted testimony supporting the bill. The Hawaii Credit Union League submitted comments to the bill. The Honolulu Police Department submitted testimony in opposition to the bill.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 831 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 208 Transportation on H.B. No. 830

The purpose of this bill is to require three-wheeled motor scooters to be licensed by the examiner of drivers.

The Department of Transportation submitted testimony supporting the intent of the bill. The Department of Customer Services of the City and County of Honolulu submitted testimony expressing its concerns. The Hawaii Transportation Alliance submitted testimony supporting the intent of the bill and requested that the motor scooter be included in the Commercial Driver's License. The Honolulu Police Department opposed the measure.

Your Committee has amended this measure by:

- (1) Clarifying, and thereby removing the uncertainty, that the three-wheel scooter is a lesser category vehicle and, therefore, within the scope of a Commercial Driver's License; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 830, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 830, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 209 Transportation on H.B. No. 1107

The purpose of this bill is to reduce injuries and fatalities to individual riding in pickup trucks by raising the age of individuals banned from riding in the bed of a pickup truck from 12 to 16.

The Department of Transportation, Department of Health, Keiki Injury Prevention Coalition, and the Honolulu Police Department testified in support of the intent of the bill.

Your Committee finds that there are a number of families whose only vehicle is a pickup truck, especially in rural counties. Accordingly, your Committee has amended this measure by restricting the ban to counties with a population of more than 250,000 persons.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1107, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 210 Legislative Management on H.B. No. 867

The purpose of this bill is to improve the safety of our highways by restricting the holding of movable signs by pedestrians in certain locations.

The Representative of the 34th District testified in support of this bill. The Department of Transportation (DOT) and the Honolulu Police Department opposed this bill.

It is your Committee's understanding that the 1975 9th Circuit Court of Appeals ruling in Aiona v. Paj that DOT referred to in its testimony concerned a complete ban on sign holding. Your Committee finds that this bill is not a complete ban on sign holding. However, your Committee requests that your Committees on Transportation and Judiciary and Hawaiian Affairs take a closer look at the constitutionality issues raised by DOT.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 867 and recommends that it pass Second Reading and be referred to the Committee on Transportation.

Signed by all members of the Committee.

SCRep. 211 Legislative Management on H.B. No. 1138

The purpose of this bill is to improve legislative oversight over the executive and judicial branches of government by requiring the Legislative Reference Bureau to develop a system to track and monitor the submission of annual and other reports to the legislature.

In addition, this bill:

- (1) Requires printed copies of each report to be submitted to the presiding officer of each house of the Legislature and to the Bureau's library;
- (2) Requires agencies to submit highlights or summaries for each of the reports required or requested to be submitted;
- (3) Requires the Bureau to coordinate and oversee the distribution of these highlights or summaries to all legislators;
- (4) Authorizes the Bureau to develop guidelines and formats to promote the monitoring, tracking, and coordination of the submittal of reports; and
- (5) Requires executive agencies and the judiciary to post electronic versions of their annual and other reports on their websites.

According to research conducted by the Legislative Reference Bureau, Hawaii statutes require the submission of approximately two hundred annual reports. To minimize duplication and overlap, the Legislature allows agencies to consolidate their annual reports. While this is an efficient use of government resources, it makes it difficult to determine whether an agency has submitted an annual report that is required by law.

In addition, the Legislature, during each regular session, also requires or requests agencies to conduct studies and submit reports on a variety of issues. During the 1999 regular session alone, the Legislature either required or requested over one hundred of these studies and reports. If submittal of copies of these studies to the Legislative Reference Bureau library (which executive agencies are directed to do by Governor's memorandum) is any indication of agency response, then the Legislature is being ignored. Eighteen months after these studies and reports were requested, responses to only about one-third of those requested were on file at the library.

At present, the Legislature has no means by which to systematically track and monitor the submission of reports that are required by law or legislative request. While it might not be difficult to determine whether a particular report was submitted, there is no way to ascertain compliance by agencies as a whole.

Your Committee received testimony in support of this bill from the Legislative Reference Bureau.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1138 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 212 Legislative Management on H.B. No. 226

The purpose of this bill is to transfer responsibility for the sale and distribution of legislative publications from the Lieutenant Governor to the Legislature.

In addition, this bill:

- (1) Deletes the requirement that licensing fees, royalties, and other proceeds derived from the publication of the Hawaii Revised Statutes and other legislative publications be in an electronic format for purposes of depositing funds into the Hawaii legislative publications special fund;
- (2) Requires the Legislative Reference Bureau to perform the functions of sale and distribution of all legislative publications;
- (3) Requires the Bureau to provide for the printing of session laws, supplements, and replacement volumes in both bound copies and on CD-ROM;
- (4) Transfers from the Lieutenant Governor to the Bureau the recordation of all legislative and gubernatorial acts;
- (5) Provides for the deposit of moneys from the sale of various legislative publications, including the journals of the House of Representatives and Senate, into the Hawaii legislative publications special fund; and
- (6) Appropriates an unspecified amount of funds to the Legislature to implement the transfer of responsibility of selling and distributing legislative publications from the Lieutenant Governor to the Legislature.

Your Committee agrees with the intent of this Act, and finds that consolidating the sale and distribution of legislative publications in the Legislature will result in the more efficient and cost-effective operation of the legislative branch.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 226 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 213 Legislative Management on H.B. No. 139

The purpose of this bill is to increase the annual legislative allowance for incidental expenses for each member.

The Representative of the 8th District and the League of Women Voters of Hawaii testified in support of this bill.

The last increase made to the legislative allowance for incidental expenses was made in 1987, when the amount was increased from \$2,500 to \$5,000. The amount of the allowance has remained the same ever since. Your Committee recognizes that many members end up paying for these expenses out of their own pockets or campaign funds because of the \$5,000 limit.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 139 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 214 Legislative Management on H.B. No. 143

The purpose of this bill is to increase the legislator's per diem allowance to:

- (1) \$120 per day for intrastate travel;
- (2) Match the maximum travel per diem allowance set by the General Services Administration for travel to the continental United States; and
- (3) Match the maximum travel per diem allowance for foreign areas pursuant to section 925, a supplement to the Department of State Standardized Regulations.

The Representative of the 8th District testified in support of this measure.

Your Committee has amended this bill by tying the legislative per diem amount for intrastate travel to two-thirds of the General Services Administration rate for Hawaii.

The Attorney General (AG) has said that tying fiscal actions to a federal standard may be unconstitutional in certain situations. For example, if tied into income taxation, this would be unconstitutional. However, your Committee is unclear as to what situations the AG was referring to. Your Committee would like the Committee on Finance to determine whether tying the per diem amount to the federal standard is constitutional.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 143, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 215 Legislative Management on H.B. No. 825

The purpose of this bill is to change the basis for calculating retirement allowances for legislative officers from 3.5 percent per year to 2 percent per year.

The Employees' Retirement System (ERS) commented on the bill.

Your Committee has amended this bill by:

- (1) Clarifying that this bill only applies to legislative officers first appointed after June 30, 2001;
- (2) Clarifying the computation of legislative officers' retirement allowance; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 825, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 825, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 216 Legislative Management on H.B. No. 1567

The purpose of this bill is to change the basis for calculating retirement allowances for elective officer from 3.5 percent to 2 percent per year from January 1, 2003.

The Employees' Retirement System commented on this bill.

Your Committee has amended this bill by:

- (1) Clarifying that this bill only applies to elective officers serving as a legislator of either house after December 31, 2003;
- (2) Clarifying the computation of elective officers' retirement allowance;
- (3) Changing the effective date to January 1, 2004; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1567, H.D. 1, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee.

SCRep. 217 Tourism and Culture on H.B. No. 492

The purpose of this bill is to appropriate money for the upcoming biennium for Honolulu Symphony to restore education programs and the Ohana Concert Series.

Testimony in support of this measure was received by the Department of Education, University of Hawaii, City Bank, Hawaii State AFL-CIO, Honolulu Symphony, Honolulu Symphony Orchestra, Honolulu Symphony Society, Musician's Association of Hawaii, Screen Actors Guild Hawaii Branch, Unity House, Inc., and members of the public. The State Foundation on Culture and the Arts (SFCA) submitted testimony in support of the bill with reservations, as the SFCA indicated that funding for the symphony's operations should not in any way further diminish support to the SFCA Grants Program.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to enable more flexibility in legislative deliberations over the fiscal impact of the bill in the House Committee on Finance.
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 492, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Magaoay, Halford and Ontai.

SCRep. 218 Tourism and Culture on H.B. No. 557

The purpose of this bill is to authorize the issuance of, and appropriate, \$5,000,000 in general obligation bonds for each of the fiscal years 2001-2002 and 2002-2003 to support the relocation of the Bernice Pauahi Bishop Museum.

The Polynesian Voyaging Society and Eye on Makai submitted testimony in support of this measure. The Hawaii Community Development Authority, Bishop Museum, and one individual testified in support of this measure, but recommended an amendment to clarify that this bill pertains only to the relocation of the Bernice Pauahi Bishop Museum Science Learning Center to Kakaako Makai.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 557, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 557, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Halford and Ontai.

SCRep. 219 Agriculture on H.B. No. 1091

The purpose of this bill is to help level the playing field for local aquaculture producers with foreign and United States Mainland aquaculture producers by expanding the "wholesaler" definition under the General Excise Tax (GET) Law to the income received by a taxpayer in certain transactions with a commercial aquaculture producer or cooperative.

Specifically, this bill applies the .05 percent wholesale GET rate to sales to a commercial aquaculture producer or cooperative of materials, supplies, or commodities, or the rental or leasing of equipment used by the commercial aquaculture producer or cooperative in the production of aquaculture products for sale.

The Hawaii Aquaculture Association and the Hawaii Farm Bureau Federation testified in support of the measure. The Department of Agriculture and the Tax Foundation of Hawaii submitted comments on the measure. The Department of Taxation testified in opposition to the measure.

Your Committee recognizes the importance of Hawaii's growing aquaculture industry to the state economy, and therefore, passed the bill. However, your Committee is aware of fiscal concerns with regard to tax application that was brought up in discussion. It is the understanding of your Committee that the aquaculture industry and the Department of Taxation will work together to address technical concerns that are consistent with the legislative intent of this Committee.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1091 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Chang, Halford and Whalen.

SCRep. 220 Agriculture on H.B. No. 1378

The purpose of this bill is to appropriate funds to mitigate the harmful effects of the genus *Eleutherodactylus* (Caribbean) frogs statewide.

The Nature Conservancy of Hawaii, the Oahu Invasive Species Committee, and several individuals submitted testimony in support of the measure. The Department of Agriculture (DOA) and the Department of Land and Natural Resources submitted comments on the measure.

Your Committee recognizes that while Caribbean frogs are a serious problem on the islands of Hawaii and Maui, this invasive alien species is a threat to the entire State. Your Committee also notes that Caribbean frogs threaten residential as well as resort areas because of their extremely loud and incessant calls, which can cause sleepless nights for residents and visitors alike. This problem is of significant concern to the tourism and business industries.

It is your Committee's understanding that there are measures under legislative consideration that link or propose expending revenues received by the Hawaii Tourism Authority (HTA) for investment in Hawaii's natural environment. Your Committee respectfully requests the Committee on Finance to consider HTA revenues as a possible funding source for mitigating the effects of Caribbean frogs, as this species has a direct impact on the State's tourism industry.

Your Committee has amended this bill by:

- (1) Making the appropriation applicable statewide, rather than just to the island of Hawaii; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1378, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1378, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Chang, Halford and Whalen.

SCRep. 221 Health on H.B. No. 663

The purpose of this bill is to establish mandatory hearing impairment screening for newborns.

Testimony in support of the measure was received from the Department of Health, the Queen's Medical Center Rehabilitation Services, the Easter Seals Society, the Hawaii Center for the Deaf and Blind, and various physicians and concerned citizens.

Your Committee recognizes that hearing loss is one of the most common congenital birth defects. Moreover, it has been found that infants who are deaf or hard of hearing who receive intervention before the age of six months maintain language development commensurate with their cognitive abilities through five years of age.

Furthermore, your Committee finds that early detection of hearing loss is not only beneficial to the infant, but also to the family. Many parents and family members have emotional responses to a deaf or hard of hearing child which may affect bonding with the infant and require help working through these responses. Early intervention will help make this transition easier and assist families in dealing with this situation.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 663 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 222 Health on H.B. No. 787

The purpose of this bill is to appropriate funds to the Disability and Communication Access Board to be distributed equitably to the counties' volunteer disabled parking enforcement program to assist in paying for the costs of these programs.

Testimony in support of this measure was received from the Disability and Communications Access Board, the Honolulu Police Department, and the County of Hawaii.

Your Committee realizes that current laws regarding parking for the disabled are often violated by persons who are not disabled. Moreover, enforcement of these laws has been difficult. In an attempt to alleviate this problem, a volunteer parking enforcement program was initiated. The program has generated over \$1 million dollars in fines being collected and has proven to be a deterrent to violators.

Realizing that this program is worthwhile, your Committee has decided to pass this measure unamended to the Committee on Finance. However, your Committee would like to suggest to the Committee on Finance that consideration be given to the establishment of a special fund utilizing a percentage of the collections of uncontested fees for disabled parking violations to continue and enhance this program.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 787 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 223 Health on H.B. No. 1111

The purpose of this measure is to supplement the special purpose revenue bonds previously issued under Act 289, Session Laws of Hawaii 1999 for the purposes of assisting the Ewa Villages intergenerational care center.

Testimony in support of this measure was received from the intergenerational care center of Ewa Villages, Kulana Malama.

Your Committee realizes that a private, nonprofit organization known as the EV Community Development Corporation is intending to develop a proposed center for intergenerational care on property in the Ewa Plains. Moreover, it is understood that this center will provide care to the frail elderly and medically fragile infants and children.

It is recognized by your Committee that due to the cost inflation of materials and labor, and due to a redesign of the project which deals with more technologically based services, an increase in special purpose revenue bond authorization was necessary.

Therefore, after realizing that this project is being designed to create a sense of belonging, warmth, and security in a nurturing environment to the people it will serve, your Committee has decided to pass this measure without amendments.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1111 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami and McDermott.

SCRep. 224 Health on H.B. No. 649

The purpose of this bill as received by your Committee is to:

- (1) Amend the eligibility requirements for the issuance of certified copies of marriage and divorce certificates;

(2) Increase the fees for certified copies of birth, death, marriage, and divorce certificates issued by the Department of Health (Department); and

(3) Increase the amount from the collected fees for certified copies that will be deposited into the Vital Statistics Improvement Fund.

The Department submitted testimony in support of this measure. However, after further review, the Department felt that language, determined to be unnecessary by the Attorney General's Office could be deleted from the bill. Moreover, the Department felt that the increase in fees could be amended.

The Department of Hawaiian Home Lands supported the intent of the measure but opposed the increase in fees stating that it could create an undue burden on native Hawaiians. Ka Lahui Hawaii also testified in opposition to this measure due to the increase in fees.

Your Committee realizes that vital statistics are an important means of capturing data utilized in making decisions to improve the public health and well being of the general public. Moreover, data provided by vital statistics can also point to areas of public need where allocations should be made. Thus, vital statistics play a vital role in shaping the general welfare of our society.

Funds are necessary to maintain and improve the current vital statistics system. However, your Committee also realizes that the increase in fees may cause economic hardships, especially among those of native Hawaiian ancestry.

Considering the concerns of all involved parties, your Committee has amended this measure by:

- (1) Removing amendments to section 338-18, Hawaii Revised Statutes;
- (2) Removing the increase in costs of certified copies;
- (3) Increasing the allocation for the Vital Statistics Improvement Fund for each first copy issued from \$1 to \$3; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 649, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 649, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 225 Health on H.B. No. 124

The purpose of this bill is to:

- (1) Require minors to inform tattoo artists of their minority status and provide parental consent for application of any permanent tattoos; and
- (2) Require tattoo artists to notify all prospective clients of the need for parental consent if the client is a minor and to obtain such written parental consent if the client is a minor.

Testimony in support of this measure was received from the Department of Health and a concerned parent.

Your Committee recognizes that tattooing is considered a form of art and that many people receive permanent tattoos each year. However, persons under the age of 18 should not be tattooed without the written consent of a parent or legal guardian. Nonetheless, many adolescents receive tattoos without a parent's knowledge or consent. Furthermore, your Committee feels that parents should be involved in any decision to permanently mark their children's bodies.

After careful consideration, your Committee, feeling that parental involvement in the permanent marking of their minor child's body was paramount, amended the measure by requiring minors seeking application of a permanent tattoo to be accompanied by a parent or legal guardian or to provide parental consent via notarized authorization identifying the design to be used and part of the body to which the design is to be applied.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 124, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 124, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 226 Human Services and Housing on H.B. No. 638

The purpose of this bill is to clarify that:

- (1) The requirement that the Department of Human Services (DHS) file an annual update of its liens with the Bureau of Conveyances is an internal departmental accounting measure intended to track DHS expenditures;

- (2) DHS may initiate probate proceedings to enforce a lien against the estate of a recipient; and
- (3) Recording and tracking procedures apply to both types of DHS liens, specifically real estate liens on the interest of:
 - (a) A person applying for or receiving assistance from DHS; and
 - (b) A medical assistance recipient who is an inpatient of a medical institution.

Testimony in support of this measure was submitted by DHS.

Your Committee finds that there is a clerical burden on DHS and the Bureau of Conveyances to annually update lien amounts, prepare notices of lien, and file and record the lien. Not only will this measure reduce redundant work, it will also enable DHS to recover its claims or interests. This will alleviate the financial burden imposed on the public for the operations of assistance programs.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 638 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 227 Human Services and Housing and Water and Land Use on H.B. No. 542

The purpose of this bill is to:

- (1) Require participating lessees to reimburse the Fee Simple Residential Revolving Fund (FSRRF) for direct costs only;
- (2) Clarify that lessees' deposits are placed into individual interest bearing accounts, and not the FSRRF; and
- (3) Provide that the FSRRF absorb indirect costs incurred through the administration of the Land Reform Program.

Testimony in support of this measure was submitted by the Housing and Community Development Corporation of Hawaii (HCDCH).

The Land Reform Program has assisted over 14,600 lessees to acquire the leased fee interest in their house lots. Because of the success of this program, the number of participating lessees has decreased.

Consequently, the lessee's pro rata share of HCDCH's costs and fees have increased. This has resulted in thousands of dollars in assessments to the lessees, often making participating in the Land Reform Program prohibitive. Your Committees find that this measure will reduce lessees' costs and possibly encourage more participation in the program.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 542 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Ito, Morita, B. Oshiro and Meyer.

SCRep. 228 Human Services and Housing on H.B. No. 429

The purpose of this bill is to make an appropriation 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.

Testimony in support of this measure was submitted by the Department of Human Services (DHS) and concerned citizens.

Your Committee recognizes that older adults with severe visual impairment may lack proficiency in basic skills and communication. Further, unnecessary institutionalization can be a financial burden. This bill will help elderly persons with vision impairment to become more independent and self-sufficient.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 429 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 229 Human Services and Housing on H.B. No. 453

The purpose of this bill is to comply with federal requirements to maximize federal matching funds to ensure that eligible families affected by the delinking of federal finance assistance and Medicaid programs are provided continued medical coverage.

Testimony in support of this measure was submitted by the Waianae Coast Comprehensive Health Center (WCCHC), Hawaii Primary Care Association, and Kokua Council. Testimony in support of the intent of the measure was supported by the Department of Human Services (DHS).

Your Committee finds that DHS is working with the Federal Health Care Financing Administration to implement Section 1931 of the Social Security Act, which delinked the federal finance assistance program and Medicaid. The State will benefit from enhanced federal funding from the delinking.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 453 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 230 Human Services and Housing on H.B. No. 543

The purpose of this bill is to remove the requirement for the Housing and Community Development Corporation of Hawaii (HCDCH) to ensure that a compliance audit by an independent auditing agency is done every fiscal biennium period.

Testimony in support of this bill was submitted by HCDCH and the Institute for Human Services, Inc.

Your Committee finds that the estimated cost of the audit would cost much more than the amount budgeted. Further, other compliance audits are already in place. These funds could be used by other service providers of homeless assistance.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 543 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 231 Human Services and Housing on H.B. No. 634

The purpose of this bill is to:

- (1) Expand the scope of the notice requirements to require that all parties make reasonable inquiry as to whether a claimant has received or is receiving medical assistance; and
- (2) Give timely written notice of any claim or action to the Department of Human Services (DHS).

DHS testified in support of this bill.

Your Committee finds that this bill will:

- (1) Assure that the State is given notice of all potential third party claims under The Medical Assistance Program;
- (2) Expand the State's avenues of recoveries in cases where third party recoveries are made without notice to the State; and
- (3) Strengthen the State's ability to recover third party reimbursements without additional expenses.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 634 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Stonebraker and Takai.

SCRep. 232 Human Services and Housing on H.B. No. 409

The purpose of this bill is to repeal the Hale Kokua Homeless Assistance Program (Hale Kokua).

Testimony in support of this measure was submitted by the Housing and Community Development Corporation of Hawaii.

Your Committee finds that Hale Kokua was established to provide incentives and assistance to help the homeless; however, funding has not been made to administer the program.

Recognizing that limited state resources should be used to sustain existing homeless assistance programs, your Committee has amended this bill by:

- (1) Adding the contents of H.B. No. 73 (2001) which appropriates funds for state homeless programs; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 409, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott, Stonebraker and Yonamine.

SCRep. 233 Human Services and Housing on H.B. No. 106

The purpose of this bill is to establish community youth investment demonstration projects in each county to reduce juvenile incarceration, teach youth accountability to victims and the community, and invest in early intervention and prevention.

Testimony in support of the intent of this measure was submitted by the Office of Youth Services (OYS).

Your Committee finds that this bill offers juvenile offenders an alternative to incarceration, which also helps to ease overcrowding in prisons. In addition, the focus is on early intervention and prevention of crimes.

OYS noted that this bill serves as an alternative to juvenile offenders who do not require a high level of security and are better served in a less restrictive environment. OYS expressed some concerns, however, as to how the Family Court system would delegate legal jurisdiction to the various counties.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 106 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 234 Human Services and Housing on H.B. No. 630

The purpose of this bill is to facilitate the adoption of children by exempting the Department of Human Services (DHS) from the statutory requirements for medical information on natural parents of the prospective adopted minor child when it will expedite the adoption process and it is in the best interest of the child.

Testimony in support of the intent of this measure was submitted by DHS. Testimony in opposition of this measure was submitted by Hawaii State Foster Parents Association.

Your Committee recognizes that by exempting DHS from the statutory requirement, adoption procedures may be more expeditious. This ultimately benefits the child.

Based on recommendations from DHS in response to community concerns, your Committee has deleted the substance of this bill and inserted provisions that:

- (1) Waive the requirement for court-ordered medical information forms if the completed forms are not returned to DHS; and
- (2) Mandate the completion of medical information forms and consent to release medical information at the dispositional hearing.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 630, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 630, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 235 Human Services and Housing on H.B. No. 635

The purpose of this bill is to require:

- (1) Child abuse history verification for licensed child care providers and staff; and
- (2) The Department of Human Services (DHS) to disclose verified criminal history and child abuse information on employees to their employers.

Testimony in support of this measure was submitted by DHS and the Attorney General (AG).

Your Committee understands that adults who have criminal histories involving violent behavior should not be caring for children. Criminal history checks would ensure the safety of children under the supervision of a licensed child care provider.

Your Committee has amended this bill based on recommendations by the AG by:

- (1) Setting aside \$53,000 from the Criminal History Record Improvement Revolving Fund to process national record checks to be performed by the Federal Bureau of Investigation; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 635, as amended herein, and recommends that it pass

Second Reading in the form attached hereto as H.B. No. 635, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takai and Stonebraker.

SCRep. 236 Consumer Protection and Commerce on H.B. No. 594

The purpose of this bill is to:

- (1) Authorize the Insurance Commissioner (Commissioner) and the Department of Commerce and Consumer Affairs (DCCA) to collect fees for issuing approved continuing education course and approved course provider certificates, and for other related services;
- (2) Amend the definitions of "approved continuing education course" and "approved course provider" to specify that these courses and providers must meet requirements specified in DCCA rules; and
- (3) Provide that approved continuing education course providers must submit course completion information to DCCA by electronic means.

Testimony in support of this bill was received from the Commissioner, Hawaii Independent Insurance Agents Association, and Association of Insurance and Financial Advisors.

Your Committee finds that implementing the continuing education requirement for insurance licensees will consume a significant amount of resources and that the proposed assessments will offset this cost. In addition, requiring course providers to verify that a licensee has completed the continuing education course by electronic means will promote a paperless system and increase efficiency and timeliness in processing license renewals.

Your Committee has removed the amendments to the definitions of "approved continuing education provider" and "approved continuing education course," consistent with the Commissioner's testimony that rules establishing requirements for courses and providers will not be completed by the time this measure becomes effective.

Your Committee 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 members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 594, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 594, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 237 Consumer Protection and Commerce on H.B. No. 603

The purpose of this bill is to modernize the statutes governing limited liability partnerships (LLPs). This bill proposes amendments to chapter 425, Hawaii Revised Statutes, to:

- (1) Correct discrepancies and ambiguities;
- (2) Provide clarification and consistency in the administration of domestic and foreign LLPs, especially with regard to the correction or amendment of the statement of qualification as an LLP; and
- (3) Charge a \$20 fee for an agent's statement of change of registered office for each affected domestic or foreign LLP.

Testimony in support of this bill was received from the Business Registration Division of the Department of Commerce and Consumer Affairs (DCCA).

Your Committee finds that the LLP laws of the State contain errors and ambiguities that may result in confusion when LLP documents are filed with DCCA. This measure will help to eliminate confusion and promote consistent administration of LLPs in this state.

Your Committee 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 members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 603, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 603, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 238 Consumer Protection and Commerce on H.B. No. 644

The purpose of this bill is to replace the electronic prescription Act, Act 304, SLH 1997, which sunsets June 31, 2001. This bill amends part I, of chapter 328, Hawaii Revised Statutes, the Hawaii Food, Drug, and Cosmetic Act, to allow the electronic transmission of prescriptions by practitioners to dispensers, and to allow drug dispensers to keep electronic records of prescriptions.

Testimony in support of this measure was submitted by the Hawaii Pharmacists Association and Kaiser Permanente. The Hawaii Medical Service Association (HMSA) and Hawaii State Department of Health provided testimony in support of this measure and suggested amendments.

Your Committee finds that discrepancies occur between the prescription issued by a practitioner and the drugs dispensed by pharmacists as a result of hand written prescriptions. Incomplete and illegible prescriptions cause medication errors and result in longer prescription fill times. This bill allows these problems to be alleviated by authorizing electronic transmission of prescriptions from practitioners to drug dispensers.

Your Committee has amended this bill to:

- (1) Include health plans and their authorized agents among the entities that may transmit prescriptions electronically;
- (2) Address uncertainty about applicable law by removing the reference to chapter 323C, HRS, the Privacy of Health Care Information Act, and replacing it with general references to state and federal laws governing medical information privacy; and
- (3) Ensure that the bill's restrictions on transmission of prescription or health care information are not construed or interpreted to prevent transmission of this information by prescribing practitioners, health plans, pharmacies, and drug dispensers for the purpose of adjudication or payment of claims.

Your Committee has also made technical, nonsubstantive amendments for the purpose of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 644, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 644, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 239 Education on H.B. No. 3

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for one full-time, twelve-month student activities coordinator (SAC) position at each public high school.

The Hawaii Student Activities Association and several individuals submitted testimony in support of this bill. DOE supported the intent of this bill.

Your Committee finds that SACs are very important to many high school students in Hawaii. These individuals often do much more than plan and coordinate extra-curricular activities. They often work far longer than they are required to under their contracts, and take on a limitless range of duties. Many SACs have also acted as mentors and parent figures for students who have had difficulties at school and at home.

Upon further consideration, your Committee has amended this bill by inserting the appropriation amount of \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Kahikina, Halford, McDermott and Stonebraker.

SCRep. 240 Education on H.B. No. 178

The purpose of this bill is to appropriate funds for supplies in the public schools.

The Department of Education and Hawaii State Teachers Association supported the intent of this bill.

Your Committee has amended this bill by changing the appropriation amount to \$1 to give the next committee flexibility in assessing the priorities of the education budget.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 178, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 178, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Kahikina.

SCRep. 241 Education on H.B. No. 179

The purpose of this bill is to appropriate funds for computers in the public schools.

The Department of Education supported this bill. The Hawaii State Teachers Association supported the intent of this bill. One individual opposed this bill.

Your Committee finds that computers are needed in the classroom. Concerns were raised about the cost of maintaining the computers appropriated in this bill. Individual schools will be able to address this concern through instructional programs.

Your Committee has left the appropriation amount in this bill intact to ensure that moneys are designated specifically for purchasing computers. Your Committee wants the computer infrastructure and maintenance needs of schools to be addressed separately.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 179 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Kahikina.
(Representative s Halford and Stonebraker voted no.)

SCRep. 242 Education on H.B. No. 180

The purpose of this bill is to appropriate funds for textbooks in the public schools.

The Department of Education and the Hawaii State Teachers Association supported the intent of this bill. An individual opposed this bill.

Your Committee finds that textbooks are needed in the classroom and, has therefore, amended this bill by changing the appropriation amount to \$1. This amendment was made to ensure that all educational priorities may be incorporated into the education budget by your Committee on Finance. The Finance Committee has a more comprehensive perspective on the budget and is best equipped to make assessments of fund availability and final decisions on appropriation amounts.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 180, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 180, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Kahikina.

SCRep. 243 Judiciary and Hawaiian Affairs on H.B. No. 1610

The purpose of this bill is to clarify laws pertaining to child support for an adult child by:

- (1) Authorizing the court to establish guidelines on the support and maintenance of an adult child;
- (2) Prohibiting the court from ordering child support for an adult child enrolled in post-secondary education unless agreed by the parties; and
- (3) Eliminating a requirement that the child enforcement agency notify the adult child and the custodial parent that the child is enrolled as a full time student for the next semester at a post-high school university, college or vocational school.

The Attorney General provided testimony indicating no opposition of the measure. The Child Support Enforcement Agency testified in support of the measure.

Your Committee acknowledges that the cost of higher education is escalating, placing greater financial burden on the family. As such, your Committee believes this bill will promote open discussion between the custodial parents and non-custodial parents in an equitable manner that will ultimately benefit the adult child.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1610 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 244 Judiciary and Hawaiian Affairs on H.B. No. 575

The purpose of this bill is to require, by constitutional provision, the establishment of an emergency and budget reserve fund (Fund). Additionally, this bill would:

- (1) Authorize expenditures from the Fund pursuant to the enactment of legislation approved at Final Reading by a three-fourths vote in each house of the Legislature;
- (2) Clarify that appropriations to the Fund not apply to the general fund expenditure ceiling; and

- (3) Provide that appropriations from the Fund apply to the general fund expenditure ceiling.

Supportive testimony was submitted by the Department of Budget and Finance. Comments were also submitted by the Tax Foundation of Hawaii.

By way of background, as part of legislation enacted to establish the statutory framework for the receipt and expenditure of tobacco settlement moneys (Act 304, Session Laws of Hawaii 1999), the Fund was created for use as a temporary supplemental source of State funding during times of emergency, economic downturn, or unforeseen reductions in revenues.

Your Committee asserts that recent budget difficulties elucidate the need for the State to save and build a "rainy day" financial reserve. Your Committee believes the enactment of a constitutional requirement will ensure the health, welfare, and safety of the general public while providing lawmakers with greater flexibility to deal with future emergency situations.

Since the Fund's inception, State administrators have questioned whether appropriations to and expenditures from the Fund would apply to the general fund expenditure ceiling. This has made uncertain the determination of the general fund expenditure ceiling for all other appropriations. Accordingly, your Committee believes this bill will eliminate confusion by clarifying the conditions in which moneys are to be counted toward the expenditure ceiling.

Although your Committee agrees that a super-majority vote should be required for the expenditure of moneys from the Fund, your Committee questions whether the mandate of a three-fourths vote is appropriate in light of other laws that require more than simple majority approval by the Legislature.

For example, your Committee notes that:

- (1) Article VIII, Section 3 of the Hawaii State Constitution requires a two-thirds majority vote in each House for the approval of legislation during a single regular session that proposes a constitutional amendment for placement on the ballot; and
- (2) Section 328L-3, Hawaii Revised Statutes, requires the approval of a two-thirds majority vote in each House for the approval of appropriations from the Fund.

Your Committee chooses not to address the issue of whether a two-thirds or three-fourths majority vote would suffice for all "super-majority" requirements since the title of this vehicle would prohibit the insertion of language to amend other references.

In light of this, your Committee has amended the bill by:

- (1) Changing the "super-majority" voting requirement from three-fourths to two-thirds;
- (2) Clarifying language in the purpose section; and
- (3) Making various technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 575, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 575, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representatives Gomes and Whalen voted no.)

SCRep. 245 Judiciary and Hawaiian Affairs on H.B. No. 1067

The purpose of this bill is to redefine "cooler beverage" to mean any liquor that when combined with fruit juice and other flavorings contains less than seven percent alcohol by volume. Current law limits this category to beverages whose liquor content derives from wine or malt beverages.

The Distilled Spirits Council of the United States testified in support of the bill. The Departments of Taxation and Health testified against this measure. The Tax Foundation of Hawaii and the Wine Institute commented on the bill.

After further consideration, your Committee has amended the bill to delete the category of "cooler beverage." Your Committee agrees with the Department of Health that having such a category targets younger consumers who may have less regard for the alcoholic content of the beverage, buying it because of its similarity to soft drinks.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1067, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1067, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 246 Energy and Environmental Protection on H.B. No. 1281

The purpose of this bill is to establish a preference for the state and county purchase of bio-based fuel oils.

Your Committee received testimony in support of this measure from the Office of Environmental Quality Control, the Department of Health, and the Department of Business, Economic Development, and Tourism. Pacific Biodiesel, Inc. also testified in support of the measure.

Your Committee finds that this bill will further the goals of reducing Hawaii's reliance on imported petroleum, as well as diverting used cooking oils, fats, and greases, including grease trap waste, from landfills and sewage treatment plants.

Your Committee amended the language in this bill to (1) define bio-based oils, and (2) clarify that this was a preference, not a requirement.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1281, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1281, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 247 Labor and Public Employment on H.B. No. 308

The purpose of this bill is to return the medical fee structure for workers' compensation to the structure existing before Act 234, Session Laws of Hawaii 1995.

Testimony in support of this measure was received from the Department of Labor and Industrial Relations, Hawaii Insurer's Council, the Hawaii Employers Mutual Insurance, Hawaii Medical Association, Concentra Medical Centers, Dr. Linda Rasmussen, Dr. Sharleen Nakamura, Dr. Amy Harpstrite, written testimony submitted from physicians representing the Ohana Physicians Group, and numerous individual physicians. The Insurance Commissioner presented testimony on the historical basis for the change in the workers compensation fee schedule.

Concerns raised by the physicians were that the current fee schedule, which is tied to the Medicare fee schedule, is insufficient to cover the costs of physicians' services. The impact to the injured worker is that physicians are reluctant to treat these cases without, what they believe to be adequate and fair compensation. Testimony from one physician also suggests that injured workers are filing claims under their own individual medical plans in order to assure timeliness and adequacy of treatment. The Insurance Commissioner, with the Department of Commerce and Consumer Affairs has been requested to provide information on the projected cost impact to workers' compensation of any proposed fee schedule increase. Your committee is concerned that the current medical fee schedule, as set by existing statute, needs further discussion and review.

Your committee further noted that a 1998 study by the Legislative Reference Bureau entitled "The Medical Fee Schedule Under the Workers' Compensation Law" made recommendations which the Committee has included as an amendment to the bill as follows:

- (1) Create a medical fee schedule advisory council to help the director in creating a fair schedule for fees for workers' compensation cases; and
- (2) Change the amount of money that will be paid for workers' compensation cases to _____ per cent of fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii as prepared by the United States Department of Health and Human Services.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 308, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 248 Consumer Protection and Commerce on H.B. No. 698

The purpose of this bill is to streamline state regulatory requirements by repealing the Hawaii Environmental Disclosure Law found in chapter 343D, Hawaii Revised Statutes.

The Office of the Lieutenant Governor (LG) and the Office of Environmental Quality Control testified in support of this measure.

Chapter 343D was enacted in 1982 to alert the public of major corporate changes that might affect Hawaii's environment, land use, jobs, and economy. In the past 18 years, there have only been 12 filings.

Your Committee finds that this law is no longer needed. Further, there are more effective mechanisms to notify the public of proposed changes impacting the environment and land use, such as obtaining information from environmental impact statements, Land Use Commission proceedings, and county land use planning processes.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 698 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, B. Oshiro and Yoshinaga.

SCRep. 249 Tourism and Culture on H.B. No. 1257

The purpose of this bill is to officially recognize May 1 as "Lei Day in Hawai'i".

A concerned citizen commented on this bill.

Your Committee finds that in 1928, May 1 was designated as "May Day Is Lei Day"; and it has since been a day of pageantry and a time for the wearing and displaying of lei throughout Hawai'i. "May Day Is Lei Day" has become a part of Hawai'i's multi-cultural identity.

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

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1257, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Halford, Leong and Ontai.

SCRep. 250 Tourism and Culture on H.B. No. 1474

The purpose of this bill is to:

- (1) Adopt an official tartan for the State; and
- (2) Direct the state foundation on culture and the arts to register the tartan in Scotland.

Testimony in support of this measure was provided by the Celtic Pipes and Drums of Hawai'i and several private citizens.

Your Committee finds that the proposed tartan's colors reflect Hawai'i and the significance of its sea and sky; its land; the lushness of the islands; the fiery origins of the islands; and the monarchy, which had a long history with the Scots.

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

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1474, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1474, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Halford, Leong and Ontai.

SCRep. 251 Energy and Environmental Protection on H.B. No. 660

The purpose of this bill is to amend section 342J-34.6, Hawaii Revised Statutes, to make it easier for hazardous waste brokers to notify the Department of Health (DOH) of their activities.

DOH testified in strong support of this bill.

Your Committee finds that the notification process required of hazardous waste brokers to DOH can be simplified without endangering public health or the environment.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 660, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Bukoski.

SCRep. 252 Energy and Environmental Protection on H.B. No. 700

The purpose of this bill is to make state law consistent by deleting any reference to Department of Health rules concerning poisons that no longer exist, and make the adoption of rules concerning poisons optional rather than mandatory.

The Lieutenant Governor and the Department of Health testified in support of this bill.

Your Committee finds that when chapter 330, Hawaii Revised Statutes, was originally enacted more than a century ago, the laws to regulate the sale of poisons were virtually nonexistent. Today, poisons are effectively regulated under other federal and state laws.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 700, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 700, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Bukoski.

SCRep. 253 Judiciary and Hawaiian Affairs on H.B. No. 526

The purpose of this bill is to amend various child support enforcement provisions for clarification to comply with Section 466 of the Social Security Act; and to streamline the child support enforcement process.

The Department of the Attorney General provided testimony in favor of the measure.

In addition to making the child enforcement process more efficient, your Committee finds that this measure would maintain eligibility for federal welfare funds and federal funding of child support enforcement programs.

Your Committee has amended this bill by:

- (1) Deleting section 7 of the bill relating to the establishment of paternity because there is a concern that it does not conform with the title of the bill; and
- (2) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 526, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 526, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Morita and Yoshinaga.

SCRep. 254 Consumer Protection and Commerce on H.B. No. 587

The purpose of this bill is to make housekeeping amendments to the current mortgage broker and solicitor licensing law.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs (DCCA).

Among other things, this bill reduces the bond requirement for mortgage brokers from \$50,000 to \$15,000. Existing law requires mortgage brokers to post a \$50,000 bond to do business in the State as a surety. The requirement may be reduced to \$15,000 if the broker does not engage in mortgage servicing or collecting. DCCA stated that the \$50,000 bond requirement mirrored the \$50,000 bond requirement for real estate collection servicing agents (agents). However, there no longer is a need for conformity because the \$50,000 bond requirement for agents was repealed by Act 254, Session Laws of Hawaii 1999.

This bill repeals obsolete licensing fees for mortgage brokers and solicitors, and instead provides for fees to be established by the Director of Commerce and Consumer Affairs by rule. In addition, this bill changes the licensing renewal cycle from an annual to a biennial cycle to streamline the administrative process.

Your Committee finds that licensed areas with a financial impact on consumers typically mandate financial integrity as a licensing requirement. To better protect consumers, this bill provides for a two-year experience requirement for the designated principal mortgage solicitor.

Existing law allows a license to be suspended for a period not exceeding two years, which conflicts with section 92-17, HRS. This bill aligns mortgage broker and solicitor licensing requirements with other professions by providing for a five-year license suspension and revocation period.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 587, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 587, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 255 Consumer Protection and Commerce on H.B. No. 588

The purpose of this bill is to formalize and reduce regulatory requirements for the biennial renewal of licenses of physicians and surgeons. The current Board of Medical Examiners (BME) continuing education requirement for medical physicians is 40 hours of category 1 learning activities, which include formally organized activities such as meetings, lectures, seminars and workshops, and 60 hours of category 2 activities, which include less structured, non-supervised learning experiences such as consultations with peers and experts, use of electronic databases in patient care, and reading medical journals. This bill:

- (1) Limits medical physician continuing education requirements to category 1 activities and eliminates category 2 requirements;

- (2) Removes the requirement that each medical physician, emergency medical ambulance service person, and podiatrist submit evidence of continuing education when they apply biennially for license renewal; and
- (3) Allows BME to conduct random audits of licensee compliance with continuing education requirements instead of reviewing each license renewal application.

Testimony in support of this measure was received from the Office of the Lieutenant Governor, BME, and Hawaii Podiatric Medical Association.

Your Committee agrees with BME that the value of unstructured, non-supervised category 2 continuing education activities is questionable and difficult to determine, and that elimination of the BME-established category 2 requirement will help to streamline licensing procedures without adversely impacting consumer protection.

Your Committee also finds that the random audits of continuing education compliance proposed by this bill are a reasonable and streamlined alternative to existing procedures. The license and certification renewal process for medical physicians, emergency medical ambulance service personnel, and podiatrists is cumbersome and time-consuming. Each applicant for renewal must submit written proof of compliance with continuing education requirements. However there is no standard form in which continuing education providers document compliance, and BME must review and evaluate the varying documentation provided by each applicant for license renewal.

Your Committee finds that random audits of compliance are widely employed by jurisdictions requiring continuing education. BME contacted 54 jurisdictions concerning their procedures. Of the 34 that require continuing education, 23 responded, and 22 of these stated that they perform a random audit of compliance.

Your Committee has made technical, nonsubstantive amendments to this bill by striking out bracketed text.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 588, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 256 Consumer Protection and Commerce on H.B. No. 598

The purpose of this bill is to preserve the State's ability to provide greater consumer protection in retail sales of insurance products and annuities by depository institutions.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs (DCCA). The American Council of Life Insurers submitted comments.

Your Committee finds that Section 305 of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLBA) mandates the Board of Governors of the Federal Reserve (FRB), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and Office of Thrift Supervision (OTS) to issue rules (federal rules) that relate to consumer protection in retail sales of insurance products or annuities by depository institutions. GLBA also provides that if the FRB, FDIC, and OCC jointly determine that the federal rules protection is greater than comparable state law protection, then the federal rules provision shall preempt the contrary or inconsistent state provision.

The State's interest in vigilantly protecting Hawaii consumers, and avoiding possible preemption of state law, compel changing the law.

Accordingly, your Committee has amended this bill by adopting DCCA's recommendation to clarify that a bank engaged in insurance sales, as allowed by GLBA, will be subject to the State Insurance Code (chapter 431, HRS).

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 598, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 598, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 257 Consumer Protection and Commerce on H.B. No. 1127

The purpose of this bill is to eliminate the requirement that state chartered financial institutions publish a statement of assets and liabilities every six months.

Your Committee finds that state chartered financial institutions are required to publish their statements of assets and liabilities twice a year. Your Committee further finds that federally chartered financial institutions have not been required to publish statements of their assets and liabilities for many years.

This bill proposes to remove the publication requirement for state chartered financial institutions. This bill also requires that their statement of assets and liabilities be:

- (1) Filed with the Commissioner of Financial institutions; and

(2) Made available to the public by the institution until the subsequent statement becomes available.

The Hawaii Bankers Association submitted testimony in support of this bill. The Department of Commerce and Consumer Affairs commented on this bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1127 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 258 Water and Land Use on H.B. No. 148

The purpose of this bill is to effectuate its title.

H.B. No. 148 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the action to report out H.B. No. 148, as amended herein, and recommends that it be recommitted to the Committee on Water and Land Use, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 148, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Schatz and Meyer.

SCRep. 259 Health on H.B. No. 1356

The purpose of this bill is to effectuate its title.

H.B. No. 1356 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1356, as amended herein, and recommends that it be recommitted to the Committee on Health, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1356, H.D. 1.

Signed by all members of the Committee except Representatives Kawakami and McDermott.

SCRep. 260 Health on H.B. No. 1357

The purpose of this bill is to effectuate its title.

H.B. No. 1357 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1357, as amended herein, and recommends that it be recommitted to the Committee on Health, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1357, H.D. 1.

Signed by all members of the Committee except Representatives Kawakami and McDermott.

SCRep. 261 Health on H.B. No. 1358

The purpose of this bill is to effectuate its title.

H.B. No. 1358 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1358, as amended herein, and recommends that it be recommitted to the Committee on Health, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1358, H.D. 1.

Signed by all members of the Committee except Representatives Yonamine, McDermott and Stonebraker.

SCRep. 262 Agriculture on H.B. No. 872

The purpose of this bill is to effectuate its title.

H.B. No. 872 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the action to report out H.B. No. 872, as amended herein, and recommends that it be recommitted to the Committee on Agriculture, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 872, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Suzuki, Takumi and Halford.

SCRep. 263 Higher Education on H.B. No. 100

The purpose of this bill is to:

- (1) Establish the Hawaii Autism Center (Center) of Excellence within the University of Hawaii School of Medicine (School of Medicine); and
- (2) Make an appropriation to establish the Center.

The School of Medicine and Nami Oahu: Oahu's Voice on Mental Illness supported this bill. The Department of Education supported the bill but deferred funding priorities to the University of Hawaii. The Department of Health supported the intent of this bill.

Your Committee recognizes that autism is a highly complex neuro-biological disorder and that affected persons require focused support and services to achieve effective remediation of the disorder. No multidisciplinary center for autism exists in Hawaii, and such a center would provide a means for continuing research, training, and coordination of services for persons suffering from autism. This Center would help families deal with the stress of caring for loved ones with this complex syndrome, and could make the University of Hawaii a leader in the research and treatment of autism.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 100 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Arakaki, Bukoski, Halford, McDermott and Ontai.

SCRep. 264 Higher Education on H.B. No. 628

The purpose of this bill is to:

- (1) Make higher education board allowances available to former foster children; and
- (2) Allow an intermediary contracted by the Department of Human Services (DHS) to be the recipient of payments of higher education board allowances.

The University of Hawaii and DHS supported this bill.

Your Committee recognizes that the inclusion of the definition "former foster youth" clarifies that higher education board allowances are available to individuals who were formerly foster children, but are no longer children, nor a part of the foster care system.

Further, payments on behalf of these individuals to another intermediary contracted by DHS will facilitate the provision of this service when payment to the foster parent or institution of higher learning is not appropriate. This measure will better serve former foster children who pursue higher education.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 628 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Arakaki, Bukoski, Halford, McDermott and Ontai.

SCRep. 265 Higher Education and Education on H.B. No. 1667

The purpose of this bill is to:

- (1) Establish the Hawaii Educator Loan Program and Special Fund to be administered by the University of Hawaii (UH) to provide financial support to students who graduate with a baccalaureate degree in education and who agree to teach in the Hawaii public school system;
- (2) Outline eligibility requirements, maximum loan amounts, repayment schedules, and loan forgiveness guidelines to implement the loan program;
- (3) Permit UH to enter into contract agreements with collection agencies for collecting delinquent student loans; and
- (4) Appropriate moneys for the special fund.

The Lieutenant Governor, the University of Hawaii at Manoa, the Hawaii State Teachers Association, and the Hawaii Association of Independent Schools supported this bill. The Department of Education supported the intent of this bill. The Department of Budget and Finance opposed this bill.

Your Committees acknowledge that there is an extreme teacher shortage nationwide and steps should be taken to encourage the best students to become teachers and to remain in Hawaii to have a positive impact on our youth. Since there are currently few incentives offered by the state to young people entering the teaching profession, a Loan Forgiveness Program would increase the pool of teachers in Hawaii. Many other states have initiated such programs with great success.

Your Committees have amended this bill by:

- (1) Allowing candidates enrolled in a Post-Baccalaureate Degree Program access to the loan program;
- (2) Changing the appropriation amount to \$1; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1667, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1667, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Arakaki, Bukoski, Halford and McDermott.

SCRep. 266 Higher Education and Judiciary and Hawaiian Affairs on H.B. No. 1544

The purpose of this bill is to repeal the prohibition of appropriating general funds to fund the continuation of the Hawaiian Language College (college) at the University of Hawaii at Hilo if initial funds are deemed inadequate or become unavailable.

Testimony in support of this measure was submitted by the University of Hawaii at Hilo and Aha Punana Leo.

Your Committees find that promoting the study of the Hawaiian language is a matter of statewide concern since it is an official language of the State and its promotion is required by the State's constitution. The college has been constrained in its development by being prohibited from receiving general funds. Allowing the college to receive general funds will help it continue to grow and serve as a focal point for the revitalization of the Hawaiian language.

As affirmed by the records of votes of the members of your Committees on Higher Education and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1544 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott and Stonebraker.

SCRep. 267 Higher Education and Judiciary and Hawaiian Affairs on H.B. No. 1214

The purpose of this bill is to appropriate funds to the University of Hawaii at Hilo (UH-Hilo) to provide for staffing, programs, and planning expenses for a new facility for the Hawaiian Language College (college).

Testimony in support of this bill was received from Aha Punana Leo. Testimony in support of the intent of this bill was received from UH-Hilo.

Your Committees find that promoting the study of the Hawaiian language is a matter of statewide concern since it is an official language of the State and its study is required by the State's constitution. Many of the training activities carried out by the college are found nowhere else and serve isolated areas and populations, which would otherwise have no access to them. Although the college has received considerable grants, without the funding previously promised by the Legislature it will not be able to meet its full potential.

As affirmed by the records of votes of the members of your Committees on Higher Education and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1214 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives McDermott and Stonebraker.

SCRep. 268 Water and Land Use on H.B. No. 1494

The purpose of this bill is to appropriate funds for a demonstration project to remove invasive macroalgae in Kaneohe Bay.

The Sierra Club, two University of Hawaii researchers, and two concerned citizens testified in support of this bill. The Department of Land and Natural Resources opposed this bill.

Your Committee finds that invasive macroalgae pose a severe threat to our marine ecosystem in Kaneohe Bay and should be eliminated.

Your Committee has amended this bill by:

- (1) Changing the appropriation to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1494, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1494, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 269 Economic Development and Business Concerns on H.B. No. 1335

The purpose of this bill to exempt persons with an exclusive wireless telecommunications license from the Federal Communications Commission from the purview of the Public Utilities Commission (PUC).

AT&T Wireless Services, Cingular Wireless, Verizon Wireless, and VoiceStream Wireless submitted testimony in support of the measure. The Consumer Advocate and the PUC testified in opposition to the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1335 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Case and Takumi.

SCRep. 270 Economic Development and Business Concerns and Tourism and Culture on H.B. No. 938

The purpose of this bill is to provide tax incentives to tenants and building owners to redevelop and improve older established commercial districts.

Your Committees find that despite recent improvements in the economy, commercial stagnation still lingers in our community. It is incumbent upon the Legislature to continue to provide local businesses with financial incentives to not only boost economic growth, but to also enhance business opportunities for local merchants.

This bill is a means to achieve that objective by providing tenants and building owners with a commercial and remodeling tax credit to improve older established commercial districts like Hilo town, Kailua-Kona, Wailuku, Kahului, Lahaina, Lihue, Kaimuki, Kapahulu, Waikiki, McCully, Kapiolani-Keeaumoku, Kakaako, downtown Honolulu-Chinatown, Kalihi, Aiea, Pearl City, Waipahu, Wahiawa, Haleiwa, the Honolulu Airport Industrial area, and Mapunapuna. The tax credit would not only allow businesses to better compete with larger new shopping centers, but also stimulate economic growth and revitalize the personal pride that was and still is the backbone and genesis of commerce in Hawaii.

Your Committees, however, are also concerned with providing tax relief to the general public, especially the less fortunate. Inasmuch as economic growth through tax incentives to businesses will ultimately benefit the public in general, more direct assistance to the average citizen is also needed.

Therefore, your Committee has amended the bill by increasing the state tax standard deduction and by providing tax credits for low-income households. These amendments will provide a balanced approach to economic growth to assist both businesses and individual taxpayers as well.

Your Committees received favorable testimony on the bill as received by your Committees from the Hawaii Tourism Authority, the American Institute of Architects and the Commercial Real Estate Coalition. Comments on the bill were also received from the Tax Foundation of Hawaii and the Department of Taxation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Tourism and Culture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 938, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 938, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 271 Economic Development and Business Concerns and Water and Land Use on H.B. No. 1309

The purpose of this bill is to increase the amount of special purpose revenue bonds from \$19,000,000 to \$38,000,000 that may be issued to assist Rickmar Properties, Inc., with one or more of the following:

- (1) Establishment of a distribution system through which chilled water produced at a water cooling facility will be moved to buildings wishing to be connected to the cooling facility; and
- (2) The financing, refinancing, or both, of the costs related to the planning, design, and construction of the distribution system.

In addition, this bill also extends the deadlines for the special purpose revenue bond authorization and the submittal of a report to the Legislature regarding the status of the special purpose revenue bond authorization.

The Department of Business, Economic Development, and Tourism and Rickmar Properties, Inc., testified in support of the measure.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1309 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Takumi, Davis and Ontai.

SCRep. 272 Economic Development and Business Concerns and Water and Land Use on H.B. No. 1338

The purpose of this bill is to establish a special advisor and smart growth council to assist the Governor, the Legislature, and state agencies to ensure that state investments and state actions support smart growth objectives.

"Smart Growth" strategies effectuate condensed development patterns, and the full use of existing systems, mixed-used, and human-scale communities. These strategies also work to preserve productive farmlands, open space, important natural areas, and yield better solutions for roadways and housing.

Hawaii's Thousand Friends, the American Planning Association, Hawaii Chapter, and the Sierra Club, Hawaii Chapter, testified in support of the measure. The University of Hawaii Environmental Center testified in support of the intent of the measure. The Office of Planning submitted comments on the measure. Hawaii Leeward Planning Conference testified in opposition to the measure.

Your Committees would like to note that it is not the intent of this bill to usurp or supplant county planning and growth, but rather to provide an opportunity for the State to take a more proactive approach with regard to involvement in county planning.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1338 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Takumi, Davis and Ontai.

SCRep. 273 Transportation on H.B. No. 1558

The purpose of this bill is to authorize the examiner of drivers to provide a written examination in a foreign language, used by at least 10,000 people, if an applicant demonstrates the ability to read and understand simple English used in highway traffic and directional signs.

The Department of Transportation testified in support of the intent of the bill. The Department of Customer Services of the City and County of Honolulu submitted comments on the measure.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1558 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Garcia.

SCRep. 274 Consumer Protection and Commerce on H.B. No. 1221

The purpose of this bill is to prohibit and provide a civil remedy for "cybersquatting," the bad faith registration, sale, or use of an internet domain name that is identical, or confusingly similar to the personal name of another living person or deceased personality. Specifically, the bill:

- (1) Lists a number of factors that may be considered by the court in determining bad faith;
- (2) Gives the Attorney General (AG) enforcement authority on behalf of the State. If AG declines to enforce a particular case, the private party injured by cybersquatting may bring suit under the law and may recover attorney's fees and costs; and

- (3) Provides remedies including injunctive relief, the transfer of the domain name to the injured private party, and a civil fine of up to \$5,000 per domain name.

Verizon Hawaii submitted testimony in support of the intent of the bill and offered amendments. The Lieutenant Governor testified as a private citizen and provided comments and information.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1221, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1221, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Case, Kanoho, B. Oshiro and Yoshinaga.

SCRep. 275 Consumer Protection and Commerce on H.B. No. 584

The purpose of this bill is to amend the laws governing escrow depositories to:

- (1) Recognize and protect the confidentiality of portions of escrow depository company applications and records;
- (2) Establish procedures for closing a branch office;
- (3) Revise procedures for voluntarily terminating escrow depository operations; and
- (4) Allow the Commissioner of Financial Institutions to establish or vary certain fees by rule.

The Division of Financial Institutions of the Department of Commerce and Consumer Affairs (Division), testified in support of this measure. The Office of Information Practices opposed the confidentiality provisions of this bill.

Your Committee finds that this bill recognizes in statute, and provides further assurance of protection for, confidential portions of escrow depository company applications and records that have heretofore been protected solely by administrative rule. Your Committee further finds that this measure will provide more guidance and clarity regarding the procedure for closing a branch office, and will standardize voluntary escrow depository termination procedures with those that apply to other financial institutions regulated by the Division.

Your Committee has concerns regarding the new fee for a request to search, review, or segregate Division records based on the actual time spent at \$40 per hour. Your Committee understands that these types of requests by the public are infrequent, and believes the fee may unduly discourage public access to government records.

For this reason, your Committee has amended this measure to remove the fee. Other technical, nonsubstantive amendments were made for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 584, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Chang, Takumi, Davis and Ontai.

SCRep. 276 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 533

The purpose of this bill is to establish the Antitrust and Consumer Protection Trust Fund (Trust Fund), to be administered by the Department of the Attorney General (AG) to enforce the antitrust laws, including expenditures for related training, equipment, and educational resources.

The bill authorizes deposits into the Trust Fund of:

- (1) Up to \$150,000 in start-up funds from the fiscal year 2000-2001 general fund appropriation for the Department of the AG (ATG 100);
- (2) Ten percent of any antitrust judgment or settlement received by the State where consistent with the court order, settlement, or agreement; and
- (3) Legislative appropriations to the fund.

Unencumbered, unexpended moneys in excess of \$1,000,000 are to lapse to the general fund after June 30 of each year.

AG submitted testimony in support of this measure and suggested an amendment.

Your Committees find that State participation in multi-state antitrust lawsuits and investigations allows the State to benefit from the expertise, efforts, and resources of other states. Failure to participate in these multi-state efforts excludes the State from sharing in settlements and awards, and requires the State to bear the full cost of investigating and litigating antitrust violations. The availability

of moneys in the Trust Fund will facilitate State participation in these multi-state antitrust lawsuits that normally require participants to tender moneys in accordance with a cost sharing agreement.

Your Committees have amended this bill as suggested by AG to give the Trust Fund a new name: the Antitrust Trust Fund. Technical, nonsubstantive amendments have also been made for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 533, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 533, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Souki and Yoshinaga.

SCRep. 277 Education on H.B. No. 611

The purpose of this bill is to allow the Hawaii Library Foundation and the Friends of the Library of Hawaii to conduct for-profit enterprises at State Library facilities.

The Hawaii State Library System supported this bill.

Your Committee finds that it is in the public's interest to allow the use of State Library facilities for concessions by these organizations. All proceeds from the events are deposited into trust funds, and are used strictly for the benefit of the public libraries.

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 611, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 611, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski, Halford and McDermott.

SCRep. 278 Education on H.B. No. 1027

The purpose of this bill is to establish a Community-based Youth Leadership Demonstration Project for the Kau and Puna communities that enables students to have an opportunity to participate in the formulation of activity programs. Specifically, this bill will:

- (1) Expand the variety of after-school programs;
- (2) Create transportation alternatives so that more students may participate;
- (3) Expand peer education; and
- (4) Expand opportunities for teachers to counsel students.

The Representative from the 4th district submitted testimony in support of this bill. The Department of Education supported the intent of this bill.

Your Committee finds that a Community-based Youth Leadership Demonstration Project in Kau and Puna would be in the public interest as it would allow teachers and students to form beneficial and lasting partnerships with others in their communities.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1027, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1027, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski and Halford.

SCRep. 279 Judiciary and Hawaiian Affairs on H.B. No. 160

The purpose of this bill is to broaden the State's fraudulent claims law to include the counties.

Supportive testimony was submitted by a Council member of the Honolulu City Council and the International Brotherhood of Electrical Workers. The Consumer Lawyers of Hawaii suggested amending the bill to make the provisions retroactive, and to provide for whistleblower protection.

Your Committee finds that the State's fraudulent claims law has protected the State against unscrupulous business practices by providing individuals with incentives to report and file incidences of fraudulent activities perpetrated against the State. County governments would also benefit from the protection afforded by this law. Accordingly, your Committee finds that the fraudulent claims law should be broadened to include the counties.

Your Committee made stylistic and technical amendments that do not affect the substance of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 160, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 280 Water and Land Use on H.B. No. 538

The purpose of this bill is to:

- (1) Clarify that the Office of Planning as the lead agency has the responsibility of maintaining a public advisory body; and that the body is advisory to the lead agency and the Coastal Zone Management Program;
- (2) Clarify the lead agency's responsibility to review federal programs, permits, licenses and development proposals;
- (3) Change the size and composition of the "public advisory body" from 20 to 12 non-governmental members;
- (4) Clarify exempt activities under "development";
- (5) Increase the cost threshold for development permits; and
- (6) Increase the penalties for violating Parts II and III.

Supporting testimony was received from the Office of Planning, City & County of Honolulu's Department of Planning and Permitting, County of Hawaii Planning Department, County of Maui Department of Planning, the non-governmental subcommittee of the Marine and Coastal Zone Management advisory Group, Land Use Research Foundation of Hawaii, and the Hawaii Leeward Planning Conference. The Sierra Club offered its support with suggested amendments. A Maui County Council member offered comments.

Your Committee has amended this measure by:

- (1) Reducing the proposed cost threshold for development permits from \$165,000 to \$150,000, which is more consistent with inflation;
- (2) Deleting the provision that would have allowed the construction of a second single-family residence as an exempt activity under the definition of "development;" and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 538, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 538, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Schatz.

SCRep. 281 Labor and Public Employment on H.B. No. 355

The purpose of this measure is to expand the exclusion for workers' compensation stress claims.

The bill accomplishes this by excluding workers' compensation claims for physical and mental injury resulting from disciplinary action or other personnel action when the employer acted in good faith.

Presently, the law excludes employees' claims for mental stress only if the injury resulted solely from disciplinary action when the employer acted in good faith or in accordance with a collective bargaining agreement.

Upon further consideration, your Committee has amended this measure to accomplish substantially the same goals but in a less sweeping manner:

Specifically this measure reduces the cost of workers' compensation by:

- (1) Expanding the good faith disciplinary action exclusion to include any good faith personnel action; and
- (2) Removing the requirement that the injury result solely from the employer's action.

In excluding claims stemming from all personnel actions, the measure excludes workers' compensation claims based not only upon disciplinary actions, but also those based upon necessary and legitimate actions such as job performance reviews, position

reclassifications, promotions, or downsizing. Workers' compensation claims for any mental stress would be prohibited if the employer acted in good faith, although this would not affect the employee's right to challenge the personnel action.

Unlike this bill as introduced, however, this bill retains the present provision of law that allows collective bargaining or other employment agreements controlling if they specify a standard other than good faith for disciplinary actions. Your Committee finds that these agreements negotiated between employers and employees should be honored and not overridden by statutory fiat.

Your Committee also made a few technical nonsubstantive corrections.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 355, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 355, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 282 Human Services and Housing on H.B. No. 1568

The purpose of this bill is to allow the Department of Human Services (DHS) to retain and carryover unexpended funds from the general assistance block grant appropriation for future benefits and services for individuals receiving general assistance.

DHS and the Kokua Council testified in support of this bill. The Department of Budget and Finance opposed this bill.

Your Committee finds that authorizing DHS to carry over unexpended funds in each year would significantly simplify the administration of the General Assistance Program and provide more stability for individuals requiring assistance by reducing the need to adjust monthly benefit payments.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1568 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine

SCRep. 283 Human Services and Housing and Health on H.B. No. 167

The purpose of this bill is to appropriate funds for the Office of the Legislative Auditor to conduct an actuarial study regarding Hawaii's long-term care needs.

The Executive Office on Aging, Kokua Council, and the Commission on the Status of Women submitted testimony supporting the intent of this measure. The Coalition for Affordable Long Term Care submitted comments.

Your Committees recognize the need for exploration and expansion of Hawaii's long-term care needs, as the number of older residents has increased dramatically. The demand for long-term care is increasing, placing a financial burden on families as well as the State. The State currently contributes to long-term care through Medicaid, whose costs are soaring.

An accurate and comprehensive assessment of Hawaii's long-term care needs is required to enable the State to find creative ways to mitigate rising economic problems.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 167 and recommend that it pass Second Reading and be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 284 Judiciary and Hawaiian Affairs on H.B. No. 1176

The purpose of this bill is to amend Hawaii law relating to inspections by the county fire chiefs by:

- (1) Authorizing designees of each county fire chief to inspect, investigate, and examine any building that the fire chief is authorized to inspect, investigate, and examine; and
- (2) Clarifying the requirement relating to inspections of state and county buildings.

Supportive testimony was submitted by the Fire Chiefs of the Honolulu Fire Department, Maui County Department of Fire Control, Kauai County Fire Department, and Hawaii County Fire Department.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1176 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho and Yoshinaga.

SCRep. 285 Water and Land Use on H.B. No. 692

The purpose of this bill is to give the State more time in its effort to protect Hawaii's endangered species, including the issuance of habitat conservation plans, and safe harbor agreements by extending the sunset date in section 13 of Act 380, Session Laws of Hawaii 1997, from July 1, 2002 to July 1, 2007.

The United States Fish and Wildlife Service, Department of Land and Natural Resources, Land Use Research Foundation of Hawaii, Hawaii Forest Industry Association, Hawaii Leeward Planning Conference, the Estate of James Campbell, Nature Conservancy of Hawaii, and Hawaii Audubon Society testified in support of this bill.

Your Committee finds that extending the sunset date will convey to landowners that the Legislature is committed to providing responsible solutions to conserve Hawaii's endangered species.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 692 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ito.

SCRep. 286 Economic Development and Business Concerns on H.B. No. 547

The purpose of this bill is to establish an administrative assistant position for the Department of Business, Economic Development, and Tourism (DBEDT) which would be exempt from the civil service laws.

DBEDT testified in support of this bill. The Hawaii Government Employees Association opposed this bill.

Your Committee finds that this bill would provide additional high level assistance for the director of DBEDT in planning and administering the operations of the department and would enable the director to manage and coordinate programs and resources more effectively and efficiently.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 547 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Takumi.

SCRep. 287 Economic Development and Business Concerns on H.B. No. 430

The purpose of this bill is appropriate funds to create a civil service exempt position to implement the Foreign Investment Recruitment Program within the Community-based Economic Development Program of the Department of Business, Economic Development, and Tourism (DBEDT) that focuses on recruiting investment from specified countries in the Asia-Pacific region.

DBEDT submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to facilitate further discussion on the financial aspect of the bill; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 430, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 430, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Takumi.

SCRep. 288 Economic Development and Business Concerns on H.B. No. 950

The purpose of this bill is to allow the use of capitalized costs under the capital goods excise tax credit.

The Department of Taxation testified in opposition to this measure. The Tax Foundation of Hawaii and Shigeji Sato & Company submitted comments on the measure.

In discussion, it was pointed out that under the current definition of "cost," the phrase "the actual invoice price" does not have a commonly understood meaning. Furthermore, there is no definition of this term and it is not a term that is normally used in tax law. This makes the definition subject to interpretation, which may lead to uneven compliance and enforcement regarding application of capital goods excise tax credit.

Your Committee has amended this bill by:

- (1) Redefining "cost" as the basis from which depreciation is taken or from which a deduction may be taken, to the extent that the basis was subject to tax at the rate of four percent under the general excise or use tax; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 950, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 950, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Takumi.

SCRep. 289 Agriculture on H.B. No. 366

The purpose of this bill is to appropriate funds to the Department of Agriculture (DOA) to be matched by private sources on a one-to-one basis for macadamia nut research to be conducted in conjunction with the macadamia nut industry.

Testimony in support of this bill was received from the Hawaii Agriculture Research Center and Hawaii Macadamia Nut Association. DOA and the University of Hawaii College of Tropical Agriculture and Human Resources testified in support of the intent of this bill.

Your Committee fully recognizes the value of the macadamia nut as one of Hawaii's leading crops, as well as its successful role in the State's efforts to diversify agriculture. Therefore, combined efforts between the private and public sectors to support research would ensure the continuing viability of this crop, and would prove your Committee's commitment to the future of Hawaii's macadamia nut industry.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 366 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 290 Higher Education on H.B. No. 782

The purpose of this bill is to appropriate funds to expand the Future Flight Hawaii Space Camp Program (Program).

The University of Hawaii at Hilo submitted testimony in support of this bill. The Hawaii Tourism Authority (HTA), Department of Business, Economic Development, and Tourism (DBEDT), and the Hawaii Space Grant Consortium (HSGC) supported the intent of this bill.

Your Committee has amended this measure by:

- (1) Changing the expending agency from DBEDT to the University of Hawaii at Manoa (UH);
- (2) Removing the requirement that HTA contribute matching funds to the Program; and
- (3) Changing the appropriation amount to \$1 for the purpose of continued discussion.

Since the Program is currently managed by HSGC, it will be administratively simpler if the funds are allocated directly to HSGC via the UH budget rather than DBEDT. In addition, since the Program is serving mostly in-state students rather than tourists, the matching fund requirement from HTA is not necessary.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 782, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 782, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski, Halford, McDermott and Ontai.

SCRep. 291 Judiciary and Hawaiian Affairs 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, settlements, and miscellaneous claims.

The State of Hawaii Attorney General submitted testimony in support of the bill. The Department of Transportation submitted testimony in opposition.

In its original form, this bill contained 28 claims totaling \$3,213,544.52. Since the introduction of the bill, three additional claims totaling \$57,500.00 have been resolved. Accordingly, your Committee has amended this bill by including the three additional claims. The amended appropriation accounts for 31 claims totaling \$3,271,044.52.

Other technical, nonsubstantive amendments were made for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 513, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 513, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 292 Water and Land Use and Transportation on H.B. No. 552

The purpose of this bill is to streamline government by:

- (1) Consolidating the Aloha Tower Development Corporation and the Barbers Point Naval Air Station Redevelopment Commission into the Hawaii Community Development Authority (HCDA); and
- (2) Designating HCDA as the development authority for the Kalaeloa community development district and the Aloha Tower complex at piers 5-23.

This measure would also stimulate economic development by attracting private sector investment in the Kalaeloa community development district and Aloha Tower complex.

The following agencies testified in support of this measure: the Department of Business, Economic Development, and Tourism, HCDA, the Barbers Point Naval Air Station Redevelopment Commission, and the Department of Hawaiian Home Lands. The Aloha Tower Development Corporation supported the intent of this bill, and City and County of Honolulu Department of Planning and Permitting offered comments.

Your Committees have amended this bill by:

- (1) Specifying that one of the two community members on the HCDA Board who are nominated by the Ewa and Makakilo/Kapolei/Honokai Hale Neighborhood Boards shall be a Hawaiian cultural resource specialist;
- (2) Requiring that Hawaiian archaeological, historic, and cultural sites be preserved and protected, and that endangered species of flora and fauna as well as significant military facilities be preserved, to the extent possible; and
- (3) Correcting certain typographic, technical, and stylistic errors.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 552, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 552, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 293 Human Services and Housing on H.B. No. 1235

The purpose of this bill is to:

- (1) Ensure that the women and families shelter, under the Institute for Human Services, Inc. (IHS), will continue its operations by setting aside revenues from the conveyance tax to the Homeless Assistance Program; and
- (2) Appropriate funds to operate the shelter.

Mental Health Kokua, Homeless Solutions, and the Health Care for the Homeless Project submitted testimony in support of this measure. IHS submitted testimony in support of the intent of this measure.

The Office of the Governor, Rental Housing Trust Fund Advisory Commission, and the Housing and Community Development Corporation of Hawaii (HCDCH) submitted testimony in opposition of this measure.

Your Committee finds that the women and families shelter has been operating on funding from a portion of the conveyance tax appropriated to the Rental Housing Trust Fund, shared with HCDCH's homeless assistance programs. However, a sunset clause effected at the end of this fiscal year will discontinue the funding, and the shelter will not be able to operate.

In recent years, funds for homeless programs have been cut despite a growing homeless population. Redistributing funds from the conveyance tax will allow the women and families shelter to continue operating.

Your Committee has amended this bill by:

- (1) Reallocating the distribution of funds collected from the conveyance tax as follows:
 - (A) 20 percent to the Rental Housing Trust Fund;
 - (B) 15 percent to HCDCH's Homeless Assistance Program; and
 - (C) 20 percent to the National Area Reserve Fund;

and

- (2) Removing the appropriation from the Rental Housing Trust Fund.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1235, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1235, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 294 Human Services and Housing and Health on H.B. No. 249

The purpose of this bill is to appropriate funds to provide basic dental services to adults receiving services through Medicaid or QUEST medical assistance programs.

The State Planning Council on Developmental Disabilities, Hawaii Primary Care Association, Kokua Council, and Health Care for the Homeless Project submitted testimony in support of this measure. The Department of Human Services testified in support of the intent of this measure.

Your Committees find that Medicaid and QUEST programs currently cover emergency dental services only. Individuals under these programs often wait until a dental emergency occurs before seeking care simply because it is not a covered expense, and they cannot afford to pay the out-of-pocket costs. As a result, a simple toothache can turn into a tooth extraction due to the long delay in dental care.

Further, quality dental care is an increasing concern in Hawaii. It is becoming increasingly apparent that low-income families and areas in the State are not even receiving routine dental care.

Your Committees have amended this bill by:

- (1) Amending the appropriation amounts to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 249, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 249, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 295 Transportation on H.B. No. 1473

The purpose of this bill is to provide adequate time for the recordation of a transfer of vehicular ownership by increasing the period to forward the certificate of ownership to the Director of Finance from 30 days to 60 days in cases where the applicable certificate of ownership is from a jurisdiction other than Hawaii.

The Hawaii Automobile Dealers' Association testified in support of this bill. The Department of Customer Services of the City and County of Honolulu provided clarifying amendments.

Your Committee has amended this measure to accomplish its purpose by clarifying that the 60-day period shall apply when the recorded lien holder does not have an office in the State.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1473, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1473, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Garcia.

SCRep. 296 Transportation on H.B. No. 1546

The purpose of this bill is to recognize disabled veterans by directing the Director of Finance to issue special plates with the words "DISABLED VETERAN" to veterans injured or disabled in the service of our Nation, as opposed to being wounded in combat.

The Office of Veterans Services of the State Department of Defense testified in support of the bill. The Department of Customer Services of the City and County of Honolulu (DCS) submitted comments.

Your Committee has amended this measure by amending the effective date to October 1, 2001, to give DCS time to order the special license plates.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1546, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1546, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Garcia.

SCRep. 297 Transportation on H.B. No. 1640

The purpose of this bill is to alleviate the traffic demands of a growing population by appropriating an unspecified amount to establish and implement a permanent intra-island water ferry transportation system that is contingent on collaborative efforts among the Department of Transportation (DOT), counties, federal government, and other interested parties from the public and private sectors.

The DOT testified in support of the intent of the bill. An individual testified in support of the measure.

Your Committee 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 members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1640, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1640, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Garcia.

SCRep. 298 Transportation on H.B. No. 1686

The purpose of this bill is to address the inadequate interisland and intransland maritime passenger transportation service by authorizing the issuance of revenue bonds for construction of improvements and equipping special facilities by the Department of Transportation (DOT) for maritime and marine operations by Rainbow Island Express.

DOT submitted testimony in support of the intent of the bill. The Department of Budget and Finance commented on the bill.

Your Committee has amended the bill by:

- (1) Providing for the issuance of special facility revenue bonds instead of ordinary revenue bonds; and
- (2) Clarifying that section 266-55, Hawaii Revised Statutes (HRS), mandates that special facility revenue bonds be issued under part III of chapter 39, HRS.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1686, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1686, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Garcia.

SCRep. 299 Transportation on H.B. No. 1685

The purpose of this bill is to recognize and support the needs of our major interstate airlines in serving our airline-dependant island state by:

- (1) Exempting from the general excise tax, the lease rent on aircraft or aircraft engines used by lessees for interstate air transportation of passengers and goods; and
- (2) Exempting from the use tax, the acquisition or importation of aircraft and aircraft engines for leasing by a lessee engaged in interstate transportation.

Hawaiian Airlines testified in support of the measure. The Department of Taxation testified in opposition to the bill. Tax Foundation of Hawaii submitted comments on the bill.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1685 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Garcia.

SCRep. 300 Education on H.B. No. 868

The purpose of this bill is the require the board of education to invite a military representative to participate in discussions about board matters, except those matters discussed in executive meetings.

The Chamber of Congress and one individual supported this bill. The Board of Education opposed the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 868 and recommends that it pass Second Reading and be referred to the Committee on Public Safety and Military Affairs.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 301 Education on H.B. No. 614

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

The Hawaii State Public Library System supported this bill.

Your Committee finds that the Trust Fund and Alliance are no longer needed, as the Hawaii State Public Library System has subsumed literacy programs into a central office of the Library Development Services.

Your Committee has amended the bill by making technical, nonsubstantive amendments to conform with standard drafting conventions.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 614, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance, in the form attached hereto as H.B. No. 614, H.D. 1

Signed by all members of the Committee except Representatives Takumi, Bukoski, Halford and McDermott.

SCRep. 302 Education on H.B. No. 11

The purpose of this bill is to:

- (1) Statutorily establish the Hawaii State Student Council (Council); and
- (2) Repeal chapter 317, Hawaii Revised Statutes (HRS), relating to the Secondary Student Conference (Conference), and incorporate its provisions with the establishment of the Council.

The Council and several individuals supported this bill. The Department of Education (DOE) and one individual supported the intent of this bill. One individual opposed this bill.

Your Committee finds that although the Council has been operational for many years, it has never been officially codified into the HRS. And although it enjoys the support of the DOE, statutorily establishing the Council will ensure its continued operation. Furthermore, the DOE does not anticipate any additional costs to result from the passage of this bill as the resources required under the new statute are already provided by the DOE.

Your Committee further finds that when education laws were recodified in 1996, chapter 317, HRS, was overlooked. Repealing chapter 317 and incorporating its contents into chapter 302A would finally fix that oversight.

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

- (1) Clarifying the intent of this bill;
- (2) Providing for representation from private schools in the Council and Conference;
- (3) Changing the effective date to July 1, 2002; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 11, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 11, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Kahikina, Halford, McDermott and Stonebraker.

SCRep. 303 Education on H.B. No. 475

The purpose of this bill is to:

- (1) Remove the statutory cap on the deputy superintendent's salary; and
- (2) Allow the Board of Education (BOE) to set the salary of the deputy superintendent;

BOE submitted testimony in support of this measure.

Your Committee finds that this measure will ensure that the deputy superintendent is treated equitably, since the BOE already has the authority to set the salaries of Department of Education officials.

Your Committee has amended this measure by providing that effective July 1, 2001, the salary of the deputy district superintendents shall not be less \$72,000 and not more than \$115,000 a year.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 475, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 475, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 304 Education on H.B. No. 1230

The purpose of this bill is to require the Department of Education (DOE) to establish a Cyberspace Entrepreneurs Academy within the public school system.

Several individuals submitted testimony supporting this bill. DOE submitted testimony opposing this bill.

Your Committee finds that a Cyberspace Entrepreneurs Program would combine business skills, training, and technology education into one academy. This potent combination will allow students to gain valuable skills that will serve them well in our developing economy.

Upon further consideration, your Committee has amended this bill by changing the appropriation amount to \$1 for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1230, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 305 Education on H.B. No. 480

The purpose of this bill is to appropriate funds for three business specialist positions for the three following districts:

- (1) Hawaii;
- (2) Kauai; and
- (3) Maui.

The Board of Education and four individuals supported the bill. The Department of Education and the HGEA supported the intent of the bill.

Your committee finds that business specialists play a vital role in administrative services.

Your committee has amended this bill by changing the overall appropriation for each year of the fiscal biennium to \$1 for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 480, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 480, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 306 Judiciary and Hawaiian Affairs on H.B. No. 144

The purpose of this bill is to:

- (1.) Authorize the Kaho'olawe Island Reserve Commission (Commission) to solicit and accept grants, donations, and contributions;
- (2.) Rename the Rehabilitation Trust Fund to the Kaho'olawe Rehabilitation Trust Fund (Trust Fund);
- (3.) Require the deposit of grants, donations, and contributions into the Trust Fund;
- (4.) Delete the repeal date of the Trust Fund; and
- (5.) Require the Commission to submit annual reports on the Trust Fund to the Legislature.

Your Committee received testimony in favor of the measure from the Office of the Hawaiian Affairs and the Kaho'olawe Island Reserve Commission.

Your Committee finds that the Congressional authorization for the United States Navy's cleanup of Kaho'olawe will expire in three years. The Commission intends to continue to pursue the development of the cultural reserve despite the expiration of the Navy's involvement. The Commission intends to fund the development of the cultural reserve through grants, donations and contributions deposited into the Trust Fund.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 144 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Morita, Yoshinaga and Whalen.

SCRep. 307 Judiciary and Hawaiian Affairs on H.B. No. 497

The purpose of the bill is to appropriate funds to continue efforts of the domestic violence working group in examining the criminal justice response to domestic violence, identifying programs, and proposing, facilitating, and coordinating the implementation of effective solutions.

Your Committee received testimony in favor of the measure from the Judiciary, the Department of the Attorney General, the Hawaii State Commission on the Status of Women, the Department of Public Safety, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, the Domestic Violence Clearinghouse, the Hawaii State Coalition Against Domestic Violence and a concerned individual.

Your Committee finds that the Domestic Violence Working Group provides criminal justice system agencies and domestic violence service providers a venue to review the policy and procedure of the criminal justice system as they relate to domestic violence, and develops recommendations to improve the system response to better meet the needs of domestic violence victims.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 497 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 308 Judiciary and Hawaiian Affairs on H.B. No. 1000

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of and capital improvements for the Judiciary branch for the 2001-2002 fiscal biennium.

The Judiciary submitted testimony in support of this bill.

Your Committee finds that the Judiciary's request is a conservative one that addresses their most pressing needs. Additional resources are being requested to cover necessary operational and technological enhancements, essential court support services and a limited number of critical positions. These requests conform to the Judiciary's mission to streamline operations, yet provide adequate resources and responses to public demands for courtroom staff and support services.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1000 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 309 Judiciary and Hawaiian Affairs 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 for the 2001-2002 fiscal biennium.

Your Committee recognizes the seriousness of the trustees' fiduciary responsibility in providing programs and services for beneficiaries and appreciates efforts by the Office of Hawaiian Affairs to submit a fiscally responsible budget prudent of the State's limited financial resources.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1100 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 310 Judiciary and Hawaiian Affairs on H.B. No. 774

The purpose of this bill is to require the Judiciary to provide mandatory training and education of judges who handle family law or domestic violence cases, or both.

Supportive testimony was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii State Coalition Against Domestic Violence, the Domestic Violence Clearinghouse and Legal Hotline, the Sex Abuse Treatment Center, and concerned citizens. Testimony in opposition was submitted by the Office of the Public Defender. Comments were also submitted by the Judiciary.

Your Committee agrees that training judges on family law and domestic abuse issues serves a public good. The Judiciary representative testified that the Judiciary has already incorporated domestic violence as part of the education and training for judges and staff. Since December 1994, Hawaii's judges and Judiciary staff have attended eight domestic violence conferences.

While the Judiciary objected to the statutory need for training, your Committee asserts that such training should be a prerequisite for any newly appointed judge or judge serving on a per diem basis who handles these types of cases. However, due to the limited availability of State resources, it is unclear whether the State may adequately fund this program.

Your Committee has been informed that the State may be able to expend funds authorized by the federal Violence Against Women Act for this purpose. Accordingly, your Committee has amended this bill to require training for newly appointed judges and per diem judges subject to the availability of federal funding.

It is the intent of your Committee that no general fund appropriations be utilized for this purpose.

Lastly, various technical, nonsubstantive amendments were made for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 774, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 774, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 311 Health on H.B. No. 786

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

Testimony in support of this measure was received from the State Planning Council on Developmental Disabilities, the Hawaii Primary Care Association, the Hawaii Dental Association, the Hawaii Dental Hygienists Association, the Mental Health Association of Hawaii, and various private citizens, dental hygienists, and dentists.

The Executive Office on Aging supported the intent of the measure but deferred the opinions of the Hawaii Dental Association and the Department of Health.

The Department of Health supported the intent of the measure but stated that it could not support the appropriation in the measure if it adversely impacted on the priorities already established in their executive biennium budget.

Your Committee understands that many people in Hawaii go without dental services simply due to the costs of these services. It is also recognized that studies have shown that improved oral health leads to improved self esteem and that individuals who maintain their oral health have better physical health in general.

Moreover, your Committee recognizes that many dentists in Hawaii are willing to volunteer their time for this noble effort thereby increasing the access to dental care for the citizenry of the State of Hawaii. In fact, it was estimated that in the first year of this program there would be 110 volunteer dentists willing to administer care.

Recognizing this as a noble and worthwhile effort by members of the community, as well as state government, your Committee has decided to pass this measure without amendments.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 786 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 312 Health on H.B. No. 664

The purpose of this bill is to establish:

- (1) The Birth Defects Program within the Department of Health; and
- (2) The Birth Defects Special Fund.

The Department of Health and the March of Dimes submitted testimony in support of this measure. Members of the Hawaii Birth Defects Program Advisory Committee supported the measure but preferred a funding mechanism that assured funding for the program.

Kaiser Permanente supported the intent of the measure but felt that patient confidentiality could be compromised and requested provisions to address this concern. The Christian Science Committee on Publication also had concerns about the bill especially since there was no clause of religious accommodation within the measure.

Your Committee realizes that the Hawaii Birth Defects Program (HBDP), an active surveillance system, is a core public health function and provides information to service the families affected each year by birth defects in our state. Birth defects are the number one cause of infant mortality in Hawaii. Further, 20 percent of all pregnancies result in spontaneous miscarriage and about 5 percent of babies are born with a recognizable abnormality. Through the efforts of HBDP encouragement of healthy lifestyles and relevant health care, especially in needy areas, is possible.

Although HBDP has been providing valuable data to the healthcare community for the last 12 years, your Committee recognizes that it has done so under a patchwork of funding with its major source coming from a federal grant from the Center for Disease Control. This grant is unlikely to be renewed resulting in the discontinuation of this vital program.

Noting that this program is valuable to the well being of the citizens of our state and taking into consideration the concerns expressed by the community, your Committee has amended this measure by:

- (1) Addressing the issue of confidentiality of the patients;
- (2) Protecting persons from liability for reporting information to the Department of Health's Birth Defects Program;
- (3) Amending the appropriations to \$1 to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 664, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 664, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 313 Health on H.B. No. 125

The purpose of this bill is to:

- (1) Require minors to inform ear and body piercers of their status as a minor and to provide parental consent for any ear or body piercing; and
- (2) Require body piercers to notify their prospective clients of the need for parental consent if the client is a minor and to obtain written parental consent if the client is a minor.

Your Committee recognizes that body piercing is considered a form of art and that people pierce their bodies every day. However, many adolescents receive body piercings without their parents' knowledge and consent. Your Committee also recognizes that body piercing can have negative health ramifications due to the penetration of a needle through skin. For health and safety reasons, your Committee believes that parents should be involved in the decision-making regarding the body piercing of minors.

Testimony in support of this measure was received from a concerned parent.

After careful consideration, your Committee has amended this bill by:

- (1) Requiring minors to be accompanied by a parent or legal guardian when receiving a body piercing;
- (2) Requiring notarized authorization that allows body piercing if the minor's parent or guardian cannot accompany the minor in person;
- (3) Requiring the regulation of body piercers by the Department of Health;
- (4) Changing the effective date to July 1, 2003; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 125, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine and Stonebraker.

SCRep. 314 Consumer Protection and Commerce on H.B. No. 1684

The purpose of this bill is to conform Hawaii law to the newly enacted federal Mobile Telecommunications Sourcing Act (MTSA), which provides a uniform method for determining which state has jurisdiction to impose taxes on wireless services. Under MTSA, wireless telecommunications may be taxed by a state if the source of these communications is in the state. MTSA "sources"

wireless calls to the wireless subscriber's residential or business address, whichever is the place of primary use. This measure amends state law to adopt the MTSA sourcing methodology and allow Hawaii to assess taxes on wireless services as of August 1, 2002.

Your Committee received testimony in support of this measure from AT&T, Sprint, Verizon Wireless, and Voice Stream Wireless. The Department of Taxation supported the intent of the bill. Tax Foundation of Hawaii provided comments.

Your Committee finds that telecommunications are currently subject to taxation, and this measure will not alter or change the existing tax base. Your Committee further finds that this bill is a prudent response to MTSA; Hawaii must update its laws or lose the ability to impose and collect taxes on wireless services.

Your Committee has made technical, nonsubstantive amendments to the bill, and understands that further technical and substantive amendments to this measure may be necessary to reflect the resolution of issues still being discussed by DOTAX and the industry.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1684, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1684, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, B. Oshiro and Yoshinaga.

SCRep. 315 Consumer Protection and Commerce on H.B. No. 583

The purpose of this measure is to amend the Code of Financial Institutions to:

- (1) Provide clearer authority to the Commissioner of Financial Institutions to expedite emergency applications and subpoena witnesses;
- (2) Clarify the grounds for removal of institution-affiliated persons and revocation or suspension of a charter or license;
- (3) Amend certain foreign bank application procedures to allow more uniform procedures to apply to institutions regulated by the Division of Financial Institutions (Division);
- (4) Allow financial institutions unrestricted ability to invest in obligations of the State of Hawaii, as originally intended by the Legislature, by deleting language inadvertently restricting this ability;
- (5) Authorize the Division to charge the \$40 per hour examination rate for public requests to search, review, or segregate Division records; and
- (6) Making housekeeping corrections to the Code to correct errors and inadvertent omissions.

The Division of Financial Institutions of the Department of Commerce and Consumer Affairs testified in support of this bill.

Your Committee finds that the amendments proposed by this bill will help to streamline the regulation of financial institutions in this State.

Your Committee has amended this measure by:

- (1) Removing the new \$40 per hour examination rate fee for public requests to search, review, or segregate Division records. Your Committee understands that these types or requests by the public are infrequent, and believes that the fee may unduly burden public access to government records;
- (2) Reflecting the repeal of chapter 415, Hawaii Revised Statutes, on July 1, 2001, and its replacement on that date by chapter 414, HRS, the Hawaii Revised Business Corporation Act. References to chapter 415 and sections within chapter 415 have been replaced by references to chapter 414 and corresponding sections in the chapter;
- (3) Changing the effective date of the measure from upon approval, to July 1, 2001; and
- (4) Making other technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 583, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 583, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, B. Oshiro and Yoshinaga.

SCRep. 316 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 516

The purpose of this bill is to allow the cigarette tax stamp law and related statutes to be better administered and enforced by:

- (1) Creating a presumption that all cigarettes are subject to the stamp tax;
- (2) Changing the law's exemption of cigarettes from military outlets, that currently applies both at the time of purchase and when resold, by making it illegal to resell cigarettes purchased at military outlets;

(3) Remedying an oversight in the law by establishing and exempting from central service and departmental administrative expenses transfers, two special funds to receive monies currently designated for the law's enforcement and implementation:

(A) The Cigarette Tax Stamp Administrative Special Fund (CTSA Special Fund), to be administered by the Department of Taxation (DOTAX) to provide stamps and administer the law; and

(B) The Cigarette Tax Stamp Enforcement Special Fund, (CTSE Special Fund), to be administered by the Department of the Attorney General (AG) to enforce the law;

and

(4) Seeking appropriations as follows:

(A) From the general fund for fiscal year 2001-2002, start up appropriations of \$40,000 for deposit into the CTSA Special Fund, and \$100,000 for deposit into the CTSE Special Fund, to allow administration and enforcement of the law from its effective date until revenues are generated by the stamp fee;

(B) From the CTSA Special Fund, \$120,000 for fiscal year 2001-2002, and \$80,000 for fiscal year 2002-2003 for DOTAX administration of the law; and

(C) From the CTSE Special Fund, \$700,000 for fiscal year 2001-2002 and \$600,000 for fiscal year 2002-2003 for AG enforcement of the law.

Your Committees received testimony in support of this bill from AG and DOTAX. Tax Foundation of Hawaii commented on the measure.

Your Committees find that the provisions of this bill that apply to military cigarette sales will remove a loophole from the stamp tax law and reduce the amount of untaxed cigarette sales in the State. Your Committees further find that the establishment of the CTSA and CTSE special funds and the requested appropriations will allow successful implementation of the stamp tax law.

Upon further consideration, your Committees have amended this bill by changing the effective date of all provisions other than the bill's appropriation sections, from July 1, 2001, to upon approval, to give the law earlier effect that more closely coincides with the implementation of the stamping program on April 1st of this year. Your Committees have also made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 516, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 516, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hamakawa, Ahu Isa, Case, Kanoho, Souki and Yoshinaga.

SCRep. 317 Judiciary and Hawaiian Affairs on H.B. No. 169

The purpose of this bill is to establish a public-funded elections pilot program for the City and County of Honolulu Council elections of 2002.

Supportive testimony was submitted by the League of Women Voters of Hawaii, the Hawaii Green Party, Hawaii Clean Elections, Hawaii Elections Project, Common Cause Hawaii, Advocates for Consumer Rights, and the Kokua Council. Testimony in opposition was submitted by the Campaign Spending Commission.

Your Committee finds that many of our citizens view the existing campaign finance system as being flawed. There is a perception that only the wealthy or persons with access to money are able to run competitive campaigns for elected office. This in turn may dissuade many of our best and brightest citizens from seeking public service regardless of whether they have a viable message or community appeal.

Your Committee has worked to address this issue by formulating a practical election scheme that will allow all viable candidates to run effective public campaigns for the council office they seek.

After careful consideration, your Committee has amended this bill by:

(1) Clarifying that the period during which candidates may collect qualifying contributions to qualify for public funding shall begin on January 1, 2002, and end upon certification as a public-funded candidate or June 30, 2002, whichever occurs first; and

(2) Making technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 169, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 318 Energy and Environmental Protection on H.B. No. 655

The purpose of this bill is to increase the solid waste management disposal surcharge from 35 cents per ton to 75 cents per ton for all disposal facilities except permitted inert and construction and demolition waste disposal facilities.

Your Committee received testimony in strong support of this measure from the Department of Health, citing an urgent need for more funding for its Office of Solid Waste Management (OSWM). Testimony in opposition to this measure was received from the City & County of Honolulu, Hawaii Metal Recycling Company, and Rolloffs Hawaii, Inc., testified in opposition primarily citing concerns about tipping fees charged by the City & County of Honolulu.

Your Committee finds that the tip fee surcharge was initiated with the creation of the OSWM in 1993. At that time, the tip fee surcharge was proposed to be 75 cents per ton but was set at 25 cents per ton. It was increased to 35 cents per ton in 1997. As a result, OSWM has never fully operated as envisioned.

Your Committee further finds that integrated solutions to solid waste management are critical to address our limited options for landfilling, recycling and other waste stream diversion methods. Lack of funding has precluded OSWM ability to act proactively.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 655 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 319 Energy and Environmental Protection on H.B. No. 1282

The purpose of this bill is to further the State's objective to reduce the consumption and dependence on imported oil by extending the energy conservation income tax credit to 2010.

The Department of Business, Economic Development, and Tourism, Hawaiian Electric Company (and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company), The Hydrogen Renewable Energy Enterprise, LLC, Hawaii Renewable Energy Alliance, Vertical Wind Turbine Technologies, LLC, Freeac, Inc., Senter Petroleum, Inc., Ka Makani O Kohala Ohana, Inc., Hawaii Solar Energy Association, Building Industry Association, Sierra Club, Hawaii Chapter, Life of the Land, and individuals testified in support of this measure.

The Gas Company and Tax Foundation of Hawaii submitted comments on the bill. The Department of Taxation recommended that the bill be deferred.

Your Committee recognizes:

- (1) The importance of combined heat and power systems for its energy efficiency and as a generation diversity methodology;
- (2) That the energy conservation tax credit for individuals and businesses will help make construction and improvements more affordable to homeowners and businesses and generate a higher level of construction activity and help conserve scarce resources; and
- (3) The need to further investigate the potential and associated costs of the absorption chilling process using used lubricating oils to displace electricity as a source of power for refrigeration and air conditioning, and its collateral benefit of disposing of the State's environmentally hazardous supply of used oil.

Your Committee has amended this measure by:

- (1) Providing a tax credit for combined heat and power systems; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1282, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1282, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 320 Water and Land Use on H.B. No. 683

The purpose of this bill is to strengthen the management of the State Park System by establishing:

- (1) Administrative or civil penalties for violations of state park rules; and
- (2) Minimum fines for petty misdemeanor violations.

The Department of Land and Natural Resources (DLNR) and the Sierra Club Hawaii Chapter testified in support of this measure.

According to DLNR, violations of state parks laws and rules are currently handled by the courts as criminal procedures. However, some violations dealing with civil matters could be more effectively addressed through administrative procedures. This would help to:

- (1) Address the issues quickly;
- (2) Ease the burden of the courts in processing minor violations; and
- (3) Provide an avenue to pursue violators responsible for major impacts on park resources.

By establishing minimum fines, this bill also addresses the situation in which some violators have no incentive to obtain permits since the fines are less than the permit fees.

Your Committee has amended this bill by:

- (1) Narrowing the scope of the violations for which a fine of up to \$5,000 may be levied; and
- (2) Making technical, nonsubstantive amendments for the purpose of style and to correct technical errors.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 683, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 683, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Morita, Bukoski and Meyer.

SCRep. 321 Transportation on H.B. No. 1043

The purpose of this bill is to require residents to comply with the registration requirements of the United States Selective Service System (SSS) as required by the Military Selective Service Act (MSSA) by:

- (1) Requiring applicants for a motor vehicle driver's license or instruction permit to comply with MSSA; and
- (2) Authorizing the Examiner of Drivers to collect and electronically transmit the registration information to the SSS.

SSS testified in support of this bill. The Department of Customer Services of the City and County of Honolulu (DCS) submitted its concerns on the bill.

Your Committee is confident that since the cost incurred by DCS is relatively small, DCS will satisfactorily resolve its concerns after discussing the matter with SSS and the State.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1043 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 322 Transportation on H.B. No. 824

The purpose of this bill is to require the Director of Transportation to approve and certify qualified motorcycle operator education programs operated by the military.

The Department of Transportation submitted comments.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 824 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 323 Transportation on H.B. No. 1108

The purpose of this bill is to address the serious matter of the arrestee's refusal to take a blood alcohol test by revoking a person's driver's license for ten years if:

- (1) The person was involved in a motor vehicle collision;
- (2) The person refused to take a blood or breath test; and
- (3) The collision resulted in death or serious bodily injury.

The Honolulu Police Department testified in support of the bill. The Office of the Public Defender submitted concerns on the bill.

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

- (1) Reducing the revocation period from ten years to six years;
- (2) Restricting the six-year revocation period to collisions resulting in death; and
- (3) Clarifying that the arrestee is the operator of the vehicle.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1108, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1108, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 324 Transportation on H.B. No. 1679

The purpose of this bill is to recognize the ahupuaa where Dillingham Airfield is situate by changing its name to Kawaihapai Airfield.

The Department of Transportation testified in support of the intent of the bill. Life of the Land and individuals testified in support of the bill. An individual testified in opposition to the bill.

Your Committee, encouraging further analysis of the ownership status of Dillingham Airfield and concerns of the bill's prematurity, has amended this measure by amending the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1679, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1679, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 325 Transportation on H.B. No. 1267

The purpose of this bill is to recognize the service and sacrifice of those veterans that served our nation in the Persian Gulf conflict by directing the Director of Finance to issue special license plates with the words "PERSIAN GULF VETERAN".

The State Department of Defense, Department of Customer Services of the City and County of Honolulu (DCS), and several individuals testified in support of the intent of the bill.

Your Committee has amended this measure by amending the effective date to October 1, 2001, to give DCS time to order the special license plates. Technical, nonsubstantive amendments were also made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1267, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1267, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 326 Education on H.B. No. 14

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for 292.00 full time equivalent, temporary, school clerical positions.

The Central Oahu Chapter of the Hawaii School Office Services Association and four individuals supported this bill. The Hawaii Government Employees Association and DOE supported the intent of this bill.

Your Committee finds that additional clerical positions are needed in the public school system. A 1990 study found that there was a need for well over 400 new clerical positions in DOE. This study is obviously outdated, and was conducted prior to the Felix Consent Decree, so the current need for clerical staff is likely far greater than the figures calculated in 1990. However, only very few additional clerical positions have been granted to DOE since that study was published. The lack of adequate clerical personnel places a major strain on teachers who are forced to spend an inordinate amount of time on paperwork. This time could be much better spent on actual instruction and preparation for instruction.

Your Committee has amended this bill by changing the number of clerical positions from 292.00 to 312.00 to reflect the current critical needs of DOE.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 14, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 14, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Takumi and Halford.

SCRep. 327 Education on H.B. No. 1049

The purpose of this bill is to establish procedures under which it could be determined whether it is more cost efficient to either renovate or demolish and rebuild school buildings.

The Department of Education and the Department of Accounting and General Services submitted testimony supporting the intent of this bill.

Your Committee finds that under some circumstances it is more economically prudent to demolish and rebuild an aging school building than it would be to refurbish it. Accordingly, there should be procedures in place to determine which of these options would be the most cost-effective.

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

- (1) Deleting the requirement that a portion of repair and maintenance funds designated for a school building that is demolished be used for the rebuilding of schools; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1049, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Bukoski, Garcia, Hale, Schatz and Takumi.

SCRep. 328 Education and Labor and Public Employment on H.B. No. 1044

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

The State Auditor supported the bill. The Board of Education supported the intent of the bill. The HGEA opposed the bill.

Your committees find that this bill addresses and will rectify the concerns brought up by the April 2000 State Auditor's Report.

Your committees have amended this bill by changing the date of adoption from July 7, 2002 to twenty days before the twenty-second Legislative Session.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1044, as amended herein, recommend that it pass Second Reading in the form attached hereto as H.B. No. 1044, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina and McDermott.

SCRep. 329 Education and Labor and Public Employment on H.B. No. 1668

The purpose of this bill is to allow the Department of Education to rehire retired teachers in teacher shortage areas. The retired teachers who are hired shall:

- (1) not earn retirement service credit;
- (2) not contribute to the retirement system;
- (3) not gain additional retirement system benefits; and
- (4) continue to receive entitled normal retirement benefits without penalty.

The Lieutenant Governor, the Hawaii Business Roundtable, the Department of Education, HSTA, HAIS, and the Hawaii Congress of Parents, Teachers and Students supported the bill.

Your committees find that this bill could help alleviate the teacher shortage in Hawaii. It also ensures that qualified teachers remain in the school system.

Your committees have amended this bill by changing the eligibility from "retired for one calendar year" to "three calendar years".

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1668, as amended herein, recommend that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1668, H.D. 1.

Signed by all members of the Committee except Representatives Hale, Kahikina and McDermott.

SCRep. 330 Education and Labor and Public Employment on H.B. No. 1671

The purpose of this bill is to make the Hawaii Teacher Standards Board, rather than the Department of Education, responsible for the licensing and credentialing of teachers.

The Lieutenant Governor, Hawaii Business Roundtable, HSTA, University of Hawaii, Hawaii Teacher Standards Board supported the bill. The Hawaii Congress of Parents, Teachers, and Students and the Department of Education supported the intent of the bill.

Your committees find that this bill strengthens the teaching profession by making it accountable for who becomes and remains a teacher.

Your committees have amended this bill by adding:

- (1) on page 10, line 9 that "hiring, except in emergency circumstances as described in this bill, licensed teachers to teach in their fields of licensing";
- (2) on page 11, line 7-8 that "governor" and "the legislature" shall be deleted;
- (3) on page 15, line 15 that "superintendent" shall be replaced by "board".

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1671, as amended herein, recommend that it pass Second Reading in the form attached hereto as H.B. No. 1671, H.D. 1., and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina and McDermott.

SCRep. 331 Energy and Environmental Protection on H.B. No. 447

The purpose of this bill is to authorize the Public Utilities Commission (PUC), in ratemaking proceedings, to consider factors that:

- (1) An adequate supply of energy;
- (2) Encourage energy conservation; or
- (3) Encourage renewable energy development;

provided that, if PUC considers factors that encourage renewable energy development, the PUC shall make findings on the utilities ability to recover its capital and operating costs.

Ka Makani O Kohala Ohana, Inc. and several individuals testified in support of the bill. The Department of Business, Economic Development, and Tourism, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, PUC, Hawaii Renewable Energy Alliance, and Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company, Ltd. submitted comments.

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

- (1) Mandating PUC to consider the above factors in ratemaking proceeding involving public utilities that supply electricity to the public;
- (2) Adding hydroelectricity to the list of sources of renewable energy development that PUC considers in certain proceedings; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 447, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Ito.

SCRep. 332 Energy and Environmental Protection on H.B. No. 662

The purpose of this bill is to:

- (1) Change the fines and imprisonment terms for violations regarding the transportation, treatment, storage, disposal, and compliance documentation for hazardous waste and used oil; and
- (2) Criminalize the knowing abandonment of hazardous waste or used oil.

Section 342J-9, Hawaii Revised Statutes, provides for a criminal penalty of not more than \$25,000 for each day of each violation, or imprisonment, not to exceed one year, or both, and for a second conviction, the fine and imprisonment increases to \$50,000 and two years, respectively, for a person who knowingly:

- (1) Transports hazardous waste to a nonpermit facility;
- (2) Treats, stores, or disposes of hazardous waste without a permit, or violates the terms of the permit or variance;
- (3) Transports, treats, stores, disposes of, recycles, or otherwise handles used oil or oil fuel in violation of Department of Health (DOH) rules; or
- (4) Makes a false statement in any compliance documentation relating to used oil or oil fuel.

The bill, as received by your Committee, adds as a fifth prohibited act, the abandonment of hazardous waste or used oil as a class C felony, and imposes a fine not exceeding \$25,000 for each day for each violation.

Further, the bill increases the penalties for the prohibited acts as follows:

- (1) Violation of paragraph (1) or (2), above, as a class C felony, and imposes a fine not exceeding \$25,000 for each day for each violation; and
- (2) Violation of paragraph (3) or (4), above, as a misdemeanor, and imposes a fine not exceeding \$25,000 for each day for each violation.

DOH submitted testimony in support of this measure. The Hawaii Agriculture Research Center submitted testimony expressing its concern that the lack of a definition for the term "abandon" would make a facility's mere failure to label a drum a class C felony.

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

- (1) Defining "abandon" to mean the act of deserting or leaving behind a hazardous waste or used oil. It is not the intent of your Committee to mistakenly construe an unlabeled drum as an act of abandonment; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 662, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 662, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Ito.

SCRep. 333 Energy and Environmental Protection and Economic Development and Business Concerns on H.B. No. 659

The purpose of this bill is to transfer funds from the Department of Business, Economic Development and Tourism (DBEDT) Capital Loan Revolving fund to the Department of Health (DOH) Leaking Underground Storage Tank (LUST) Fund and to expand the permissible uses of moneys in the LUST fund.

Testimony in strong support of this bill was received by the DOH, DBEDT, and the Hawaii Automotive Repair & Gasoline Dealers Association (HARGD).

Your Committees find that the DBEDT Capital Loan Revolving Fund was created to provide loans to qualified applicants to comply with 1994 and 1998 EPA underground storage tank (UST) requirements. Since the deadlines have passed and the goals of the fund have been accomplished, there is a balance of over 2 million dollars left in the fund. The transfer of funds from DBEDT to DOH will allow the DOH to continue to fund efforts relating to underground storage tanks.

Your Committee has amended this bill by:

- (1) Stipulating that the transfer of funds from DBEDT's Capital Loan Revolving Fund to the DOH's Leaking Underground Storage Tank Fund take effect on July 1, 2001; and
- (2) Making technical, non-substantive amendments for the purposes of clarity, consistency and style.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. 659, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 659, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kanoho, Meyer and Takumi.

SCRep. 334 Water and Land Use on H.B. No. 279

The purpose of this bill is to reduce ocean-related accidents by making permanent a process by which the State and counties are protected from liability when they have provided adequate warning to the public through the design and placement of warning signs in public beach parks.

Testimony in support of this measure was presented by the Department of Land and Natural Resources, the City and County of Honolulu, a member of the Kauai County Council, the County of Kauai Office of the County Attorney, three members of the Maui County Council, the County of Hawaii Department of Parks and Recreation, and the Kona-Kohala Chamber of Commerce. The Hawaiian Lifeguard Association supported the intent of this bill, and the Consumer Lawyers of Hawaii offered comments.

Act 190, Session Laws of Hawaii (SLH) 1996, established a means for the development of a legally adequate warning system at public beach parks which will:

- (1) Increase public safety;
- (2) Reduce ocean-related accidents; and
- (3) Protect the State and counties from the unlimited liability they face with regard to activities in the ocean and at public beaches.

Act 190, as amended by Act 101, SLH 1999, is scheduled to be repealed on June 30, 2003. This bill repeals this "sunset" provision, thereby ensuring the continuation of increased public safety at state- and county-controlled beach parks.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 279 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Morita, Bukoski and Meyer.

SCRep. 335 Water and Land Use on H.B. No. 691

The purpose of this bill is to protect public trust trails and access roads from inappropriate or excessive use by establishing administrative fines and criminal penalties for violations relating to the Statewide Trail and Access Program.

The Department of Land and Natural Resources (DLNR) and the Sierra Club Hawaii Chapter testified in support of this measure.

Your Committee finds that the fines and penalties should deter violations and enable DLNR to better manage the State's natural environment.

Your Committee discussed, at length, the appropriateness of the heavy fines contained in this bill. On the one hand, the \$10,000, \$15,000, and \$25,000 fines represent the maximum amounts that DLNR may issue. DLNR would have the flexibility to set the fines to match the severity of the violation. On the other hand, these amounts may be excessive when compared to similar violations. Your Committee requests that the Committee on Judiciary and Hawaiian Affairs closely scrutinize this issue.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 691 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Ito.
(Representative Thielen voted no.)

SCRep. 336 Water and Land Use and Economic Development and Business Concerns on H.B. No. 1150

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to enable Adtech to finance capital costs to relocate and construct a new facility in Kakaako.

The Hawaii Community Development Authority, High Technology Development Corporation, Hawaii Congress on Small Business, and Adtech, Inc., testified in support of this bill. The Department of Budget and Finance recommended that the authorization to issue bonds should lapse on June 30, 2004, instead of June 30, 2006.

Your Committees find that this bill will expand the economic development opportunities for high technology businesses in Hawaii.

Your Committees have amended this bill by:

- (1) Changing the lapsing date to June 30, 2004; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1150, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1150, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Meyer, Case, Chang and Suzuki.

SCRep. 337 Consumer Protection and Commerce on H.B. No. 436

The purpose of this bill is to exempt publicly-owned public utilities from the Public Service Company (PSC) tax.

Testimony in support of the bill was received from the County of Kauai, Office of the Mayor. Comments were received from the Tax Foundation of Hawaii and the Kauai Island Utility Co-op. The Department of Taxation testified in opposition to the bill.

Your Committee finds that there is a possibility that the County of Kauai may buy the local electric company and operate it as a county enterprise. Since the PSC tax is imposed on public utilities, in lieu of general excise and real property taxes, concerns were raised that if Kauai County owns and operates the utility, it may become subject to regulation by the Public Utilities Commission, and possibly become subject to PSC or general excise taxes.

It is the understanding of your Committee that the County of Kauai is currently investigating these concerns.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 436 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga and Jaffe.

SCRep. 338 Consumer Protection and Commerce on H.B. No. 1254

The purpose of this bill is to protect Hawaii's drinking water and groundwater resources from methyl tertiary-butyl ether (MtBE) contamination that is a probable animal and possible human carcinogen, by requiring that no distributor shall sell or supply gasoline in the State that contains MtBE in concentrations greater than:

- (1) 0.4 starting July 1, 2001;
- (2) 0.3 starting January 1, 2003; and
- (3) 0.15 on January 1, 2004.

The Department of Health and Aloha Petroleum submitted testimony in support of the intent of this bill. Chevron commented on the measure.

Your Committee finds that while the incidence of MtBE in Hawaii's gasoline appears to be much less frequent than in other regions of the country, it still poses a significant groundwater contamination threat, especially in sensitive inland areas that are watershed areas for drinking water supply aquifers, such as Wahiawa and Mililani. The potential impact of contamination could be significant and costly, as its removal is more expensive than the treatment of other volatile organic compounds.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1254, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga and Marumoto.

SCRep. 339 Consumer Protection and Commerce on H.B. No. 596

The purpose of this measure is to:

- (1) Give the Hawaii Hurricane Relief Fund (HHRF) Board of Directors (HHRF Board) the power to suspend or reactivate the HHRF's special mortgage recording fee; and
- (2) Extend the Director of Finance's authorization to issue reimbursable general obligation bonds for HHRF to fiscal year 2001-2002.

HHRF and Hawaii Independent Insurance Agents Association testified in support of this measure. The Board of Land and Natural Resources and Mortgage Bankers of Hawaii testified in support of the intent of this bill.

Your Committee finds that since the HHRF will end its insurance program by December 1, 2001, the mortgage recording fee will no longer be required as a funding source for claims made under HHRF insurance policies. If the HHRF Board suspends the special mortgage recording fee, it will remove the burden on persons filing mortgage documents with the Bureau of Conveyances, of paying the special mortgage recording fee. Your Committee further finds that the extension of Department of Finance's authorization to issue reimbursable general obligation bonds is necessary to ensure HHRF has this funding source available and to retain its federal tax exempt status.

Your Committee 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 members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 596, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 596, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 340 Consumer Protection and Commerce on H.B. No. 600

The purpose of this bill is to update Hawaii's business registration statutes.

Your Committee finds present business registration laws do not reflect modern business practices, and impose unnecessary burdens on registrants.

It is in the State's best interests to enact legislation that helps Hawaii's business registration laws work as well as possible. Hawaii's current business registration laws contain errors and ambiguities due to changes in common law and drafting errors. This bill supports the development of our local economy by providing local and out-of-state businesses with correct and unambiguous business laws. It will make business registration easier for the public.

The bill also reduces certain document filing fees to make them uniform and consistent for each type of business entity registered by the department of commerce and consumer affairs. This provides equity for consumers and ease in administration for the department.

This bill:

- (1) Updates Hawaii's business registration statutes to reflect modern business practices;
- (2) Makes it more desirable for new and existing businesses to form or locate in the State; and
- (3) Clarifies and corrects ambiguities and errors in Hawaii's business registration statutes.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs.

Your Committee has amended this bill by correcting the numbering on page 15, line 20. Your Committee has further amended this bill by making a correction to indicate that section 414-332(i) is a new provision, and not one already in the Hawaii Revised Statutes.

This bill has also been amended by making technical, nonsubstantive amendments for purposes of style, clarity, and consistency, including striking through all of the bracketed material.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 600, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, B. Oshiro and Yoshinaga.

SCRep. 341 Judiciary and Hawaiian Affairs on H.B. No. 281

The purpose of this bill is to facilitate the provision, management, and monitoring of services for individuals with neurotraumatic injuries. Specifically, this bill:

- (1) Establishes the Neurotrauma Advisory Board within the Department of Health (DOH) to assist in the development of programs and services related to neurotrauma;
- (2) Creates the Neurotrauma Special Fund (Fund) to be used for funding programs related to neurotrauma; and
- (3) Establishes surcharges on convictions for various traffic offenses to be deposited into the Fund.

Supportive testimony was submitted by: the Brain Injury Association of Hawaii and a member of the Association's Legislative Committee; the president of the Spinal Cord Injury Support Group; a member of the State Traumatic Brain Injury Advisory Board to the Department of Health; and numerous citizens afflicted with neurotraumatic injuries. DOH and the Department of Education supported the intent of the bill. Comments were also submitted by the Department of Budget and Finance and a member of the American Board of Medical Psychotherapists.

Your Committee finds that the costs of the programs should not exceed \$350,000. Furthermore, the dedication of State funding would facilitate the receipt of federal matching grant moneys at a 2:1 ratio.

While your Committee applauds the efforts of the parties to find a creative and thoughtful means of enhancing the level of care for persons afflicted with neurotraumatic injuries, your Committee also raises the following questions:

- (1) How much revenue will be generated from the surcharges and will this be sufficient to fund the programs to be developed under this bill?
- (2) Will this proposal create additional entitlements from the State?

In light of this, your Committee has amended the bill to clarify that moneys from the fund shall not be used to provide direct benefits that might be authorized under, nor to supplement, supplant, or indemnify any health care provider reimbursement, coverage, or benefit provided under Articles 10A (Accident and Sickness Contracts) and 10C (Motor Vehicle Insurance), and Chapters 386 (Workers Compensation), 432 (Mutual Benefit Societies and Fraternal Benefit Societies), 432D (Health Maintenance Organizations), or any long-term care insurance policy.

It is the intent of your Committee that the Fund not be used for the direct treatment of individuals afflicted with neurotraumatic injuries. Your Committee urges the Committee on Finance to examine the proposed funding mechanism to ensure that the enactment of this bill will not create responsibilities on the State that would necessitate the dedication of general fund appropriations in the future.

Lastly, various technical, nonsubstantive amendments were made for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 281, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 281, H.D. 1.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representative Whalen voted no.)

SCRep. 342 Judiciary and Hawaiian Affairs on H.B. No. 1361

The purpose of this bill is to establish a Hawaiian affairs task force, jointly chaired by the house and senate, to research and suggest options for the future of the Hawaiian people.

Testimony in support was submitted by the Office of Hawaiian Affairs, the Department of Hawaiian home lands, Ka Lahui Hawaii, and Hui Ka Ko'o Aina Ho'opulapula.

Your Committee finds that this bill will encourage discussion and promote research for the betterment of the Hawaiian community. In order to ensure the input from a broad cross-section of the Hawaiian community, your Committee has amended this bill by adding Hui Ka Ko'o Aina Ho'opulapula to the task force membership.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1361, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1361, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 343 Human Services and Housing on H.B. No. 71

The purpose of this bill is to provide parity for female prisoners and offenders in programming offered to similarly situated males.

The Department of Public Safety, Office of Youth Services, Community Alliance on Prisons, American Civil Liberties Union of Hawaii, Hawaii Substance Abuse Coalition, Out of Prison Services, and concerned citizens submitted testimony in support of this measure.

Your Committee finds that correctional programs and services for men offer a wider range of services and activities than women's programs. Further, women have unique issues that need to be addressed such as abuse, pregnancy, and single motherhood. The programs required in this bill are intended to be gender-responsive in aiding rehabilitation and resocialization.

Your Committee has amended this bill by providing model gender-responsive programs within the resources provided.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 71, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 71, H.D. 2.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 344 Human Services and Housing on H.B. No. 336

The purpose of this bill is to provide an Individual Development Account (IDA) tax credit equal to 100 percent of the amount contributed.

The Waimanalo Community Development Corporation, Hawaii Alliance for Community Based Economic Development, Mutual Housing Association of Hawaii, Consuelo Zobel Alger Foundation, and Alu Like, Inc., submitted testimony in support of this measure.

The Department of Taxation testified in opposition of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that in the past two years, IDA's have been successful in assisting 214 individuals of low or moderate income to begin a savings program for a home or furthering their education. Of those individuals, 33 reached their savings goal so far. The passage of this bill may encourage private matching fund contributions from individuals and businesses. These additional matching funds may leverage more federal funds and enable more families and individuals to benefit from this program.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 336 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 345 Human Services and Housing on H.B. No. 539

The purpose of this bill is to establish resident advisory boards composed of federal public housing residents or Section 8 tenant-based housing assistance recipients to assist and make recommendations to the Housing and Community Development Corporation of Hawaii (HCDCH).

HCDCH, Affordable Housing and Homeless Alliance, American Friends Service Committee Hawaii Area Program, and the Interim Resident Advisory Board testified in support of this measure.

Your Committee finds that the residents of federal public housing programs take an active interest in their living environment. Interim resident advisory boards in various housing developments have been in existence for several years and have been seeking recognition from HCDCH. These residents would like to play an active role in policy decisions and programs. They also seek reimbursement for some of their expenses.

HCDCH has expressed interest in collaborating with resident advisory boards on a permanent basis. Further, federal law requires that a resident advisory board be established to assist and make recommendations regarding the development of the Public Housing Agency Plan.

Your Committee has amended this bill by requiring HCDCH to adopt rules with regard to the establishment of resident advisory boards.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 539, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 539, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 346 Human Services and Housing on H.B. No. 779

The purpose of this bill is to restore state-funded QUEST medical insurance eligibility to qualified immigrants who arrived in the United States after August 22, 1996.

Upon further consideration, your Committee has amended the bill by deleting the original contents and replacing it with language that adds a new part to chapter 346, Hawaii Revised Statutes, to require state agencies and organizations that receive state funds to provide blind or visually impaired individuals access to information technology equipment.

Your Committee finds that presenting electronic data solely in a visual format limits access by individuals who are blind or visually impaired, putting them at a disadvantage in education and employment opportunities. Alternatives using visual and nonvisual means that include electronic technologies like screen readers, Braille screens, voice recognition systems, hearing assistance devices, and HTML coding should be provided to increase accessibility.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 779, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 779, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 347 Human Services and Housing on H.B. No. 949

The purpose of this bill is to appropriate funds to the Lanakila Multi-purpose Senior Center (Center) for improvements that its program funding cannot afford.

Catholic Charities Elderly Services testified in support of this measure. The Department of Human Services (DHS) and the Executive Office on Aging supported the intent of this measure.

Your Committee recognizes that the Center is a worthwhile cause whose mission is to enrich the lives of the elderly and to keep them active in the community. However, its program has been operating on limited funds from the Office of Aging. Catholic Charities supports the operations of the Center above and beyond what is provided by government funding.

The Center is in desperate need of repair at an estimated cost of \$1,600,000. However, the seniors realize that the State's economy cannot accommodate all of the repairs required and ask for an appropriation to repair those facilities which are dangerous, non-compliant with the Americans with Disabilities Act, and potential health risks.

Your Committee has amended this bill by:

- (1) Designating the Department of Accounting and General Services as the expending agency;
- (2) Adding \$40,000 to the appropriation for sewer-line work to the improvements;
- (3) Inserting an appropriation to extend funding by the Executive Office of Aging in the amount of \$1 to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 949, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 949, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 348 Human Services and Housing 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 dollars 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;
- (3) Directing the Department of Human Services 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; and
- (4) Appropriating funds to provide these enabling services under QUEST.

Hawaii Primary Care Association, Waianae Coast Comprehensive Health Center, and Papa Ola Lokahi testified in support of this bill. The Department of Human Services opposed this bill.

Your Committee finds that this bill will remove financial disincentives for health plans and providers and encourage them to actively outreach to high risk patients, including pregnant women and girls, native Hawaiian with symptoms of chronic diseases, and substance abusers.

Your Committee has amended this bill by changing the appropriation amount to \$1 for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1234, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 349 Human Services and Housing on H.B. No. 1367

The purpose of this bill is to appropriate funds for four rehabilitation teachers and for services to assist elderly blind persons in achieving independent living.

The Department of Human Services, National Federation of the Blind, Hawaii Chapter, Blind and Visually Impaired Consumers, and an individual testified in support of this bill.

To encourage further discussion on the purpose of this measure, your Committee has amended this measure by changing the general fund amount to \$1.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1367, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1367, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 350 Human Services and Housing and Health on H.B. No. 285

The purpose of this bill is to appropriate funds for the Department of Health to contract for a study to determine the best method of establishing a state program of long-term care that serves the largest number of people possible.

The Executive Office on Aging, Kokua Council, Coalition for Affordable Long Term Care, Advocates for Consumer Rights, Policy Advisory Board for Elder Affairs, Hawaii State Commission on the Status of Women, Healthcare Association of Hawaii, and a concerned citizen testified in support of this measure. The Hawaii Policy Advisory Board for Elderly Affairs and the Department of Health submitted testimony supporting the intent of this measure.

Your Committees find that long-term care is a growing concern, as Hawaii's population is aging and living longer. The burden of cost on the government is increasing. The proposed study, to be conducted in three parts, may alleviate some of the concerns among the community and health care providers, as well as provide alternatives to the rising costs.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 285 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 351 Human Services and Housing and Health on H.B. No. 942

The purpose of this bill is to appropriate funds to enable children whose family income is at or below 300 percent of the federal poverty level to be eligible for benefits under the State's Children's Health Insurance Program.

The Healthcare Association of Hawaii and Hawaii Primary Care Association submitted testimony in support of this measure. The Department of Human Services (DHS) submitted comments.

Your Committees find that thousands of children in Hawaii are uninsured. In 1998, there were an estimated 3,054 uninsured children in families with incomes between 201 and 300 percent of the federal poverty level. Federal funding is available provided that state funds are appropriated.

Your Committees have amended this bill by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 942, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 942, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 352 Water and Land Use on H.B. No. 690

The purpose of this bill is to protect Hawaii's unique natural resources by:

- (1) Establishing administrative penalties for violations relating to the Natural Area Reserves System and the State Endangered Species Act (ESA);
- (2) Removing the maximum criminal penalty provision for violations of the State ESA; and
- (3) Increasing the per-specimen fine for intentionally, knowingly, or recklessly killing a threatened and endangered species.

The Department of Land and Natural Resources and the Sierra Club submitted testimony in support of this bill.

Your Committee finds that this bill will be a greater deterrent to violations against natural resources and reduce costs from being more efficient and avoiding litigation.

Your Committee discussed, at length, the appropriateness of the heavy fines contained in this bill. On the one hand, the \$10,000, \$15,000, and \$25,000 fines represent the maximum amounts that DLNR may issue. DLNR would have the flexibility to set the fines to match the severity of the violation. On the other hand, these amounts may be excessive when compared to similar violations. Your Committee requests that the Committee on Judiciary and Hawaiian Affairs closely scrutinize this issue.

Your Committee has amended this bill by making a technical nonsubstantive change for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 690, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 690, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Ito.
(Representative Thielen voted no.)

SCRep. 353 Water and Land Use on H.B. No. 1118

The purpose of this bill is to expand public hunting areas by adding the following to the definition of "public hunting area" under section 183D-4, Hawaii Revised Statutes: game management areas, forest reserves and surrendered lands, natural area reserves, closed watersheds, cooperative game management areas, military training areas, unencumbered state lands, designated sanctuaries, and other lands designated by the Board of Land and Natural Resources.

The Department of Land and Natural Resources, Hawaii Hunting Advisory Council, Pig Hunters of Hawaii, and the Hawaii Rifle Association testified in support of this measure.

Your Committee finds that public hunting is an essential component of an integrated conservation program to ensure that game mammal populations do not expand and damage forested watersheds and native ecosystems.

This bill was amended by replacing the reference to "closed watersheds" with "restricted watersheds."

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1118, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Morita, Bukoski and Meyer.

SCRep. 354 Labor and Public Employment on H.B. No. 183

The purpose of this bill is to establish medical care savings accounts in the Public Employees Health Fund for health care needs of state and county employees.

The United Public Workers and the Hawaii Medical Association testified in support of this bill. The Department of Commerce and Consumer Affairs and the Health Fund commented on the measure.

Your Committee has amended the bill by changing the effective date to January 1, 2020.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 183, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 183, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 355 Labor and Public Employment on H.B. No. 562

The purpose of this bill is to consolidate government retirement and deferred compensation programs under one roof, by transferring the Deferred Compensation Program from the Department of Human Resources to the Department of Budget and Finance, to be administered by the Board of Trustees of the Employees' Retirement System (ERS).

Your Committee received comments on this measure from ERS and the chair of the Deferred Compensation Board of Trustees.

Your Committee finds that many other state retirement systems are currently administering government employee deferred compensation programs. Your Committee further finds that after consolidation, ERS will continue contracting with private companies to provide administrative services and will provide better membership services, and utilize its existing investment expertise to strengthen the Deferred Compensation Program.

Your Committee has amended this measure by providing that Section 2 of the bill will take effect on July 1, 2020. Your Committee has also made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 562, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 562, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 356 Labor and Public Employment on H.B. No. 563

The purpose of this bill is to clarify the forfeiture provisions for retirees who return to work after receiving the special retirement incentive benefit under Act 253, Session Laws of Hawaii 2000.

The Employees' Retirement System (ERS) commented on this bill.

Your Committee finds that this bill will require retirees receiving the special retirement incentive to forfeit the special benefit if they are rehired by the counties and state nonexecutive entities.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 563, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 357 Labor and Public Employment on H.B. No. 565

The purpose of this bill is to require retirees and beneficiaries after June 30, 2001, to designate a Financial institution account into which the Employees' Retirement System (ERS) shall be authorized to deposit their semimonthly retirement benefit.

The ERS of the State of Hawaii testified in support of this bill.

Your Committee finds that this method of payment has already been proven to be a safe, convenient, efficient, and reliable way to transfer funds. ERS will also be able to save time and reduce expenses.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 565, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 358 Labor and Public Employment on H.B. No. 564

The purpose of this bill is to clarify the four retirement options in the Noncontributory Plan--normal retirement, Option A, Option B, or Option C--by specifying that the normal retirement option, which is the highest retirement benefit a retiree may receive in the Noncontributory Plan, be renamed "maximum allowance," similar to the Contributory Plan.

Your Committee notes that the Employees' Retirement System (ERS) membership has experienced some confusion as to whether the normal retirement allowance in the Noncontributory Plan is an actual retirement option. Your Committee recognizes the need to clarify the retirement options since an option selection by an ERS member upon retirement is irrevocable, and each option has a different survivor benefit in the event of the retiree's death.

The ERS submitted comments on the measure.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 564, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 564, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 359 Labor and Public Employment on H.B. No. 576

The purpose of this bill is to change the salary growth assumption rate from a variable rate to a fixed percentage rate to calculate annual employer contributions to the Employers' Retirement System (ERS).

The Department of Budget and Finance testified in support of this bill. The ERS submitted comments.

The current statute requires ERS to calculate annual employer contributions using a "variable" salary growth rate. Since the current three-year rolling average assumption changes with each actuarial valuation and has resulted in considerable volatility in state and county annual appropriations, the ERS Actuary recommended that the salary increase assumption rate be changed to a fixed rate per year.

You Committee has amended this bill by changing the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 576, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 576, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 360 Labor and Public Employment on H.B. No. 616

The purpose of this bill is to enable state government to better use current information technology by:

(1) Establishing a chief information officer within the Office of the Governor to, among other things:

- (a) Establish and enforce policy for the State's electronic data management systems;
- (b) Advocate for technology training for the state workforce; and
- (c) Assist in implementing a statewide strategic plan for information technology;

and

- (2) Appropriating funds for the information technology policy function.

The Office of the Governor, Department of Accounting and General Services, Department of Commerce and Consumer Affairs, and Office of Information Practices testified in support of this measure. The High Technology Development Corporation testified in support of the intent of the measure.

Your Committee has amended this bill by:

- (1) Changing the effective date of the bill to July 1, 2020;
- (2) Eliminating the repeal date of the bill; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 616, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 616, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 361 Labor and Public Employment on H.B. No. 670

The purpose of this bill is provide special transfer of funds to Hawaii's account in the Unemployment Trust Fund for federal fiscal years ending in 2000, 2001, and 2002 in accordance with provisions of the Federal Balanced Budget Act of 1997 (BBA).

The Department of Labor and Industrial Relations testified in support of this bill.

Your Committee finds that the State will lose additional federal funds for unemployment insurance administrative expenses if these transfers are not made.

Your Committee has amended this bill by:

- (1) Changing the effective date to provide that to the extent that this Act applies to monies credited to the state's account in federal years ending in 2000 and 2001, this Act is intended to have retrospective effect and operation; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 670, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 670, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 362 Labor and Public Employment on H.B. No. 1353

The purpose of this bill is to provide criteria for the Director of Labor and Industrial Relations (Director) to consider when approving attorney's fees in workers' compensation cases.

ILWU Local 142 submitted testimony in support of this bill. The Department of Labor and Industrial Relations (DLIR), the Hawaii Employers' Mutual Insurance Company, Inc., Argonaut Insurance Company, and the Building Industry Association of Hawaii opposed this bill.

Your Committee finds that the Director should be permitted to consider additional factors more consistent with civil litigation attorneys' fees when assessing attorneys' fees in workers' compensation cases. This bill will ensure that injured workers also receive competent legal representation.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1353 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 363 Health on H.B. No. 650

The purpose of this bill is to establish a mechanism to allow individuals to make their mental health treatment preferences known prior to the loss of their decision-making capacity.

The Department of Health, Mental Health Association in Hawaii, Hawaii Psychological Association, and various mental health consumers testified in support of this measure.

The Hawaii Psychiatric Association, Hawaii Nurses Association, Hawaii Disability Rights Center, and the National Alliance for the Mentally Ill supported the intent of the measure voicing their serious concerns over punitive damages, liability issues, cases of imminent danger to oneself or others, implementation and management of the program, and patient confidentiality.

Your Committee understands that an advanced directive allows a person to make treatment preferences of illness known prior to the loss of decision-making capacity, which can occur as a result of mental illness. Furthermore, allowing advance directives for mental health patients help to protect the individual's right to self-determination.

Many mental health patients have long periods of good health but when a bout of mental illness occurs, these patients are sometimes forced to undergo treatment or receive medications in an emergency situation which may not be appropriate for them.

However, your Committee understands the concerns voiced by various organizations and therefore has amended the bill by:

- (1) Redefining "mental health treatment";
- (2) Defining "psychiatric medications";
- (3) Including attending physicians, psychiatrist, psychologists, and mental health care providers in the advance directive process;
- (4) Addressing the issue of a person's imminent danger to himself or others;
- (5) Deleting a section on statutory damages;
- (6) Inserting guidelines for the implementation of an advanced directive; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 650, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 650, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Yonamine, McDermott and Stonebraker.

SCRep. 364 Health on H.B. No. 1503

The purpose of this bill is to enable the chiropractic profession to serve the public better by:

- (1) Amending the definition of "chiropractic";
- (2) Removing provisions prohibiting chiropractic practitioners from using the title "doctor" or the prefix "Dr." without being accompanied by the word "chiropractor" or "D.C."; and
- (3) Removing a provision prohibiting chiropractic practitioners from using the title "physician".

The State Board of Chiropractic Examiners, Hawaii State Chiropractic Association, and numerous chiropractors and chiropractic clinics testified in support of this measure.

The Board of Medical Examiners, Hawaii Medical Association, Hawaii Psychiatric Medical Association, and the Hawaii Insurers Council opposed this measure. These organizations felt that the changes proposed by this bill will expand the scope of practice beyond the capabilities of a chiropractor and may mislead and confuse the healthcare consumer.

The chiropractic profession received recognition in Hawaii in 1919. However, little has changed with regard to the chiropractor's scope of practice even though the profession has matured and improved over the last 77 years. Moreover, your Committee realizes that many people in Hawaii use chiropractors as primary health care providers.

Your Committee realizes that the changes proposed in this bill will bring the chiropractic practice in line with modern education and training, current national practice standards, and widely accepted national board examinations.

To address the concerns of the medical community, your Committee has amended this bill by amending the violations and penalty section. Other technical, nonsubstantive amendments have also been made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1503, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1503, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative McDermott.

SCRep. 365 Health on H.B. No. 665

The purpose of this bill is to require the fluoride supplementation of public water systems with 5,000 or more service connections.

The Department of Health, State Health Planning and Development Agency, Hawaii Statewide Health Coordinating Council, Executive Office on Aging, Kokua Council, Hawaii Public Health Association, Chamber of Commerce of Hawaii, Hawaii Dental Association, Hawaii Dental Hygienists Association, numbers of dentists, dental hygienists, healthcare providers, and concerned citizens testified in support of this measure.

A large amount of testimony in opposition to this measure was also received from the Respiratory and Environmental Disabilities Association of Hawaii, Hawaii Citizens for Health, Down to Earth Natural Foods and Lifestyles, Citizens for Safe Drinking Water Hawaii, several dentists and physicians, and numerous private citizens.

Your Committee understands that Hawaii has had a dismal dental health history especially among young children. A Center for Disease Control report found that Hawaii's children suffer from a rate of tooth decay that is more than twice the national average. Moreover, your Committee finds that the oral health of children is generally reflective of the overall health of the community.

The economic, as well as healthcare, impact on the people of Hawaii could be tremendous through the implementation of this plan. In Hawaii, according to the Department of Health's calculations, approximately \$20 million are spent annually to combat and deal with complications caused by tooth decay. It is projected that for every dollar spent on fluoridation the public will save \$80 in dental care costs.

In addition, it was brought to your Committee's attention that community water fluoridation is already performed in many large cities nationwide with no public health endangerment reported while proving to be an efficient means of significantly reducing tooth decay. It was also pointed out that fluoride was a naturally occurring element that already exists in water systems throughout Hawaii in trace amounts.

Many of those opposing the measure voiced their concerns regarding the ill effects of over fluoridation, side effects, allergic reactions, possible liability issues, freedom of choice, the efficacy and safety of fluoridation, corrosion of water pipes, and the possible destruction of flora and fauna from fluoridated water systems.

Your Committee also recognizes the concern voiced by many opponents of the measure that once fluoridation of the water system was carried out, it would be difficult to eliminate the fluoride from the water system.

Your Committee acknowledges that this is a public health issue and that the benefits of fluoridation outweigh the risks. Accordingly, your Committee has amended this measure by:

- (1) Requiring the Department of Health and the boards of water supply to submit a plan to the Legislature no later than 20 days prior to the convening of the 2002 regular session on how this Act will be implemented;
- (2) Requiring the Department of Health and the boards of water supply to report to the Legislature no later than 20 days prior to the convening of the regular session of 2002 on the concerns raised related to the fluoridation of the community water system including but not limited to:
 - (a) Public education and awareness efforts in communities targeted by this Act;
 - (b) Environmental concerns, such as wastewater run-off and the effects of fluoridation on flora and fauna;
 - (c) The lack of Food and Drug Administration approval of fluoride in the water;
 - (d) The lack of Environmental Protection Agency approval for community water fluoridation;
 - (e) The effects of fluoridation on individuals with chemical sensitivities; and
 - (f) The methods of monitoring water fluoridation levels;
- (3) Requiring the Department of Health and boards of water supply to provide a sunset report twenty days prior to the convening of the 2011 legislative session to provide an evaluation of the outcomes and problems of the program;
- (4) Adding a sunset clause; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 665, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 665, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.
(Representative Stonebraker voted no.)

SCRep. 366 Health on H.B. No. 1628

The purpose of this bill is to require the Department of Health (DOH) to make fluoride supplements available to children age three and younger, free of charge.

The Hawaii Dental Hygienists' Association, Hawaii Citizens for Health, and various concerned citizens submitted testimony in support of this measure. Many citizens who supported the bill felt it was a good alternative to fluoridating the community water supply.

DOH supported the intent of the measure but felt that it did not have a broad enough effect on the dental health of Hawaii's citizens. DOH also stated that DOH could not support the appropriations for this measure if it would adversely impact the DOH's priorities as set forth in the executive biennium budget.

The Women of Hawaii and concerned citizens testified in opposition to this measure feeling that, although it gave citizens a right to choose, it was still providing a toxin to young children and could endanger their health. Moreover, some citizens opposed to this measure voiced their concerns about government-subsidized dental care and liability issues with regards to fluoride ingestion.

Your Committee recognizes that the oral health of the children in the State of Hawaii is one of the worst cases in the nation and that the State needs to provide a solution to this problem.

Furthermore, your Committee understands that fluoride is instrumental in the prevention of tooth decay and that providing free fluoride supplements to children will offer the opportunity for dental caries prevention to families who could not otherwise afford it thus improving the oral health of these families.

Oral health is an ongoing process requiring fluoride supplementation until the age of sixteen to be most effective. The current proposal would not help children over the age of three. Therefore, your Committee has amended this measure by:

- (1) Including a provision to provide fluoride supplements to children up to the age of 12;
- (2) Changing the appropriation amount to \$1 to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1628, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1628, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 367 Transportation on H.B. No. 1507

The purpose of this bill is to avoid the noise from a vehicle's backup warning beeper late at night or early morning hours and still maintain a measure of safety for persons behind a reversing vehicle by permitting vehicles to turn off the noise warning system from 10:00 p.m. to 6:00 a.m., if the vehicle is equipped with a rearview camera system that operates whenever the vehicle is reversing.

Loui Development Corporation testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1507 and recommends that it pass Second Reading and be referred to the Committee on Energy and Environmental Protection.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 368 Transportation on H.B. No. 1273

The purpose of this bill is to require the Department of Transportation (DOT) to conduct a study of the feasibility of authorizing toll roads for motor vehicle traffic in each county.

DOT testified in support of the intent of the bill and offered comments.

Your Committee has amended this measure by appropriating \$1 to conduct the toll road feasibility study to take effect on July 1, 2001.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1273, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1273, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 369 Energy and Environmental Protection on H.B. No. 1554

The purpose of this bill is to support and promote the use of hydrogen fuels by:

- (1) Establishing a hydrogen fuel private/public partnership to implement the recommendations of Hawaii Natural Energy Institute's 2001 study;
- (2) Having a stakeholder workshop sponsored by the Department of Business, Economic Development, and Tourism (DBEDT), with the assistance of the partnership; and
- (3) Appropriating an unspecified amount for hydrogen research and development to be matched by federal and private funds.

DBEDT, Department of Research and Development of the County of Hawaii, Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, The Hydrogen Renewable Energy Enterprises, LLC, Hawaii Renewable Energy Alliance, Ka Makani O Kohala Ohana, Inc., PowerLight Corporation, and several individuals testified in support of the bill.

Your Committee has amended this measure by:

- (1) Reallocating among the islands the comprehensive evaluation, market study, and engineering assessment to be conducted by DBEDT to maximize the results thereof; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1554, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 370 Judiciary and Hawaiian Affairs on H.B. No. 514

The purpose of this bill is to provide the Attorney General with greater authority to manage the workloads of attorneys and law clerks employed by the State.

Supportive testimony was submitted by the Attorney General.

Currently, the deputies whose positions are funded by state sources other than the Department's budget -- such as appropriations from special or revolving funds, or other agencies' budgets -- are often expected to service only the clients who pay their salaries. As the result, these deputies can at times have less or more work than the general funded deputies paid by the Department.

This bill will allow the attorney general to assign non-general funded deputies to work in areas where help is needed, thereby equalizing the workloads for all deputies and exposing deputies to different areas of law.

Your Committee believes this will serve the public good by increasing the efficiency of the Department and enhancing the morale, professional growth, and development of staff.

After careful consideration, your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 514, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 371 Consumer Protection and Commerce on H.B. No. 1411

The purpose of this bill is to allow the Secondary Market Services Corp.--Hawaii (SMS-Hawaii) to acquire student loan notes held by brokers outside of the State, as well as from local financial institutions.

The University of Hawaii, SMS-Hawaii, Pacific Financial Aid Association, HawaiiUSA Federal Credit Union, Hawaii Credit Union League, and American Savings Bank supported this bill.

Your Committee finds that SMS-Hawaii is a nonprofit corporation authorized by the Legislature to purchase student loans in 1992. Since then, the internet has changed the pattern of student borrowing so that Hawaii students are increasingly obtaining loans from lenders located outside the State. Only 45 percent of loans to students in Hawaii are from local financial institutions. This measure will allow SMS-Hawaii to offer cost saving borrower benefits to all of Hawaii's students, regardless of the location of the student's lending institution.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1411 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga, Marumoto and Meyer.

SCRep. 372 Education on H.B. No. 1574

The purpose of this bill is to appropriate funds to defray the cost of interisland airfare and reduce the program service fee for participation on the YMCA's youth legislature program.

Your Committee finds that, in addition to allowing Hawaii's teens to experience the democratic process first hand, the YMCA's youth legislature program provides an invaluable opportunity for Hawaii's teens to develop leadership skills, character, integrity, and self-confidence, and it instills in the participants the value of public service. However, your Committee notes that the program service fee required for each participant to cover direct costs often limits participation in this worthy program. Moreover, participation by teens from the neighbor islands is severely impeded by the additional financial burden necessitated by the travel costs to Oahu. Your Committee finds that this bill would permit funds to be used to reduce the program service fee and to eliminate or reduce the travel costs for participants living outside of Oahu, thus expanding to more teens the opportunity to participate in this valuable program.

Your Committee received testimony in favor of the bill from one individual.

Your Committee has amended the bill by changing the amount appropriated to \$1 to facilitate further discussion of the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1574, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 373 Education on H.B. No. 1242

The purpose of this bill is to better utilize public school repair and maintenance funds.

Specifically this bill requires the Chief Procurement Officer to establish a preference program as an incentive for private contractors to provide voluntary assistance on school repair and maintenance projects.

Under this program, qualifying voluntary service activities or contributions include professional and community work hours, materials, and design contributions, local business donations, military participation, and other in-kind endowments. Involvement by a private contractor serves as a basis for consideration in the awarding of contracts for repair and maintenance projects in schools.

This bill also establishes a public school facilities and property management program, also to be administered by the Chief Procurement Officer, to develop and maintain data and other information on the physical, structural, property, and equipment repair and maintenance needs of all public schools statewide. This program is intended to better measure the usable life of school facilities and equipment and to prioritize school repair and maintenance projects accordingly.

Your Committee received testimony in support of the intent of this measure from the Superintendent of Education.

Your Committee agrees with the intent of this bill, and finds that the bill provides an additional resource to perform portions of the estimated \$600,000,000 backlog of repair and maintenance work at public schools.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1242 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 374 Education on H.B. No. 1562

The purpose of this bill is to make an appropriation for the "Laptops for Learning" program.

Shafter Elementary School, James Campbell High School, Moanalua High School, Waimanalo Elementary and Intermediate School, St. Clement's School, Aiea Pacific, Cyberspace Entrepreneurs, and twenty-nine concerned citizens testified in support of this bill. The Department of Education opposed this bill.

Your Committee finds that this bill will:

- (1) Provide constant access to computer technology for classroom use;
- (2) Promote a means to nurture a technologically-skilled workforce; and
- (3) Reduce the digital divide by providing opportunities for all regardless of economic status.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1562 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 375 Education on H.B. No. 1563

The purpose of this bill is to establish a full-time auditor position in the Board of Education (BOE) office.

BOE testified in support of this bill.

Your Committee finds that establishing a full-time auditor within BOE will allow BOE to take a more active role in monitoring the Department of Education.

Your Committee has amended this bill by changing the appropriation amounts to \$1 for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1563, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1563, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 376 Education on H.B. No. 1046

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for 260 new teacher positions. These new teacher positions are to implement the recommendations of the Felix v. Cavetano management and accountability study to change the formula by which teachers are allocated. Under these recommendations, special education students are counted as one whole regular education student for the purposes of allocating regular education teachers.

DOE testified in support of the intent of this bill.

Your Committee finds that both regular education and special education students are affected by the Felix v. Cavetano Consent Decree. The appropriation in this bill will allow the new allocation system to be implemented, ensuring an adequate student/teacher ratio for all students.

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

- (1) Changing the appropriation amount to \$1 for an unspecified number of teachers to facilitate further discussion; and
- (2) Making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1046, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1046, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 377 Education on H.B. No. 1666

The purpose of this bill is to create the Hawaii School-level Minor Repairs and Maintenance Revolving Fund (Fund) to serve as an alternative means of financing small-scale repair and maintenance projects at public schools. The bill also allows state taxpayers to designate \$2 of their income tax credit to be paid over to the Fund.

The Lieutenant Governor and the Hawaii Government Employees Association supported this bill. The Department of Education and Department of Accounting and General Services supported the intent of this bill. The Department of Taxation opposed the bill.

Your Committee finds that many public schools in Hawaii are in a serious state of disrepair. Broken fixtures and lighting, peeling paint, and other unsightly and sometimes dangerous conditions exist on many public school grounds. This bill would provide another source for funding small-scale school repair and maintenance projects, and would place the additional moneys for such projects at the discretion of school principals.

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

- (1) Changing the Fund from a revolving fund to a special fund;
- (2) Requiring that moneys designated by taxpayers to be deposited into the Fund be made from taxpayers' income tax credits instead of from their income tax liabilities; and
- (3) Making technical nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1666, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1666, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 378 Education on H.B. No. 1050

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for full-time registrar positions and the procurement of necessary consultant services and goods.

The Registrars' Association of Hawaii and registrars from each of the seven departmental districts of the DOE submitted testimony in support of this bill. DOE submitted testimony in support of the intent of this bill.

Your Committee finds that registrars are essential employees who help ensure that each public school runs smoothly. Registrars work closely with teachers, administrators, students, and parents in performing a dizzying array of tasks for schools. Their varied responsibilities often include curriculum development, scheduling, grade reporting, record keeping, class roster maintenance, and many other related duties.

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

- (1) Appropriating \$1 for fiscal year 2001-2002 and \$1 for fiscal year 2002-2003 for full-time registrars for the purpose of continued discussion; and
- (2) Amending the list of schools receiving full-time registrars to reflect the current needs of the schools.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1050, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1050, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 379 Education on H.B. No. 1028

The purpose of this bill is to appropriate funds for a Model United Nations program for high school students.

Representative Helene Hale supported the bill. The Department of Education supported the intent of the bill.

Your committee finds that a Model United Nations Program would expose high school students to foreign policy. It would also teach them about leadership, diplomacy, and the globalization of the world.

Your committee has amended the bill by changing the appropriation to \$1. This is to allow flexibility to the Committee on Finance.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1028, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1028, H.D. 1

Signed by all members of the Committee except Representatives Bukoski and Halford.

SCRep. 380 Education on H.B. No. 1670

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

Your Committee received supporting testimony from the Lieutenant Governor, Superintendent of Education, Hawaii State Parents, Teachers and Students Association, Hawaii Association of Independent Schools, Hawaii Teacher Standards Board, and Hawaii State Teachers Association.

Your Committee finds that education of Hawaii's children continues to be a high priority for policy makers, parents, and many business organizations. Teachers must not only educate, they must inspire, enthuse, and mold youngsters' minds. Teaching as a profession requires continuing education, training, and preparation. This bill is intended to establish standards for teachers and students, help in teacher preparation and professional development, teacher recruitment, and in developing teaching skills and knowledge.

Your Committee has changed the appropriation made by this bill from \$1,500,000 to \$1 during each fiscal year of the current biennium to promote continuing discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1670, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1670, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 381 Education and Labor and Public Employment on H.B. No. 1675

The purpose of this bill is to change the employees' annuity contracts law to the employees' annuity and custodial account contracts law. It allows the Department of Education and the University of Hawaii to invest in a custodial account for employees.

The Department of Education supported the bill.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1675 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Bukoski, McDermott, Stonebraker and Rath.

SCRep. 382 Education on H.B. No. 1016

The purpose of this bill is to give Board of Education members the same immunity from civil liability that applies to members of appointed state boards.

Your Committee finds that the members of the elected Board of Education are compensated only at the rate of \$100 per day for attending meetings. They receive no pay for preparing for meetings, visiting schools and libraries, attending public hearings, or meeting with community groups, parents, teachers, and students, all of which are essential to their jobs. These acts are essentially performed as volunteer activities.

The members of the Board of Education receive no salary as such which could be used to obtain liability insurance for acts and omissions that may occur during the course of their official activities. The State has recognized the need for protection from liability for acts occurring during their service to the State in the case of appointed boards by providing the members of these boards immunity from civil liability. The same protection has also been extended to one elected board, the Board of Trustees of the Employees' Retirement System. Fairness dictates that the same protection be extended to the Board of Education.

Testimony in support of the bill was received from a member of the Board of Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1016 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 383 Education on H.B. No. 472

The purpose of this bill is to establish a public-private partnership to engage all community stakeholders in the task of eliminating the \$640,000,000 repair and maintenance backlog for Hawaii's public schools by:

- (1) Establishing a public-private partnership to coordinate, encourage and assist community efforts to repair and maintain the public schools through Hawaii 3R's, a project of America's Promise Hawaii, a non-profit organization;
- (2) Providing a tax incentive to donors of cash or in-kind services;
- (3) Providing for a state appropriation to be matched by federal and private contributions;
- (4) Providing for an alternative procurement method for expenditure of funds;
- (5) Establishing a preference in bidding for state contracts for private contractors who participate in the public-private partnership; and
- (6) Appropriating an amount for the salary of a state person within the Department of Accounting and General Services to coordinate repair and maintenance projects of the public-private partnership.

Testimony was received from numerous parents, students, principals, teachers, community volunteers, businesses, labor unions, U.S. Senator Daniel K. Inouye, the Departments of Education, Accounting and General Services, Taxation, and Budget and Finance, and the State Procurement Office.

Your Committee discussed and considered questions relating to liability. Your Committee finds that under chapter 90, Hawaii Revised Statutes, the State is responsible for claims for injury or property damage but pays only after other private coverage is exhausted, including, in this case, the volunteer insurance maintained by America's Promise Hawaii and the volunteer's own medical insurance. Additional precautions are taken to ensure good risk management, including proper supervision and appropriate duty assignments. Volunteers are also asked to sign a waiver of liability. The more difficult or hazardous work will be undertaken by paid contractors.

Accordingly, your Committee has amended this bill by:

- (1) Establishing the pilot program for the public-private partnership in the Department of Accounting and General Services, rather than the Department of Education. Your Committee finds the technical expertise and reporting functions are more appropriate to supervision by the Department of Accounting and General Services. In addition the bill authorizes a position for a coordinator within the Department of Accounting and General Services;
- (2) Deleting the requirement that the small purchase method of procurement be applied to purchases by the program. Testimony from the State Procurement Office indicates this provision is neither necessary nor applicable because the purchasing entity is not a state agency;

(3) Deleting the provision providing for a bidding preference for contractors. Rather than instituting a preference mandated by statute, your Committee finds that participation in the program by contractors will be given due consideration in the Performance Information Procurement System, as one of many other performance-based factors;

(4) Narrowing the tax credit to contributions of in-kind services provided by contractors, architects, surveyors, and engineers licensed under chapters 444 and 464, Hawaii Revised Statutes. Your Committee finds that donors of cash and in-kind goods may already qualify for a tax deduction available under existing law. However, in-kind services cannot be similarly deducted, yet these services are critical to the efficient and cost-effective implementation of the program. The tax credit is limited to ten percent of the value of the services, up to a maximum of \$40,000 per year. Your Committee notes that this recommended amendment continues to be reviewed by the Department of Taxation and may require further consideration.

(5) Adding a category for matching funds that recognizes the value of services and labor contributed by volunteers skilled in trades, crafts, accounting, etc. This "sweat equity" component is pivotal to the success of the program, which seeks to encourage "ownership" of the public schools by every person in the community;

(6) Deleting the provision that grant applications be considered only twice a year. Your Committee finds that more flexibility should be allowed on this matter;

(7) Requesting an appropriation of \$1 for fiscal year 2001-2002 for the school repair and maintenance trust fund, to be matched by federal and private contributions. It is the intent of your Committee that this appropriation will not displace funds appropriated to the Department of Accounting and General Services for routine, day-to-day maintenance and emergency repairs of public schools. Unless the appropriation is in addition to the Department's current budget request, no real progress will be made to reduce the estimated \$640,000,000 backlog of repair and maintenance;

(8) Requesting an appropriation in the amount of \$1 for a staff coordinator within the Department of Accounting and General Services. The position is equivalent to an Engineer V, SR-26; and

(9) Making other technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 472, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 472, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 384 Education on H.B. No. 1047

The purpose of this bill is to establish an education research and development revolving fund administered by the Department of Education.

Your Committee finds that the revolving fund established in this measure will provide the Department with an opportunity to market and sell curriculum, educational aids, and services to other education jurisdictions. The measure will also enable the Department to protect its investment of human and capital resources.

Your Committee has amended this measure by specifying that the appropriation to the department must be expended for the purposes of the revolving fund.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1047, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 385 Education on H.B. No. 1637

The purpose of this bill is to make an appropriation for the public library system to fund a program to increase electronic access to government information and services in areas with limited access.

Your Committee received supporting testimony from the State Librarian and a former librarian.

Public libraries in the United States have been the backbone of self education and lifelong learning. It is a basic premise that an educated and informed electorate is a country's strongest asset. Now public libraries serve other purposes including bringing the electronic age to many individuals who cannot afford a personal computer at home. The computer brings the world of the internet, email, and information on myriad subjects to individuals. This bill is intended to increase electronic access so Hawaii's residents can have access to government services, library services, and perhaps other uses, at places other than a public library.

Your Committee has amended this bill by appropriating \$500,000 in place of the previously unspecified amount.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1637, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1637, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 386 Education and Labor and Public Employment on H.B. No. 613

The purpose of this bill is to make permanent the authority of the State Librarian to administratively reallocate vacant positions and establish temporary positions.

The Hawaii State Public Library and ISHL supported this bill. HGEA supported the intent of this bill.

Your committees find that this bill will allow the State Librarian to respond to community changes more effectively and efficiently.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 613 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, McDermott, Stonebraker, Takumi and Souki.

SCRep. 387 Education and Labor and Public Employment on H.B. No. 1561

The purpose of this bill is to support the operational transition from the current Hawaii School-to-Work Office to the career development system within the Department of Education's (DOE) comprehensive school support services program.

The Department of Human Services and several individuals testified in support of this bill. The Department of Education supported the intent of this bill.

Your Committees find that school-to-career initiatives are an important part of providing an educated and well-trained workforce in Hawaii. Federal moneys for school-to-career programs will cease on October 1, 2001. Therefore, the State will need to support its existing and developing programs in this area.

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

- (1) Including the Director of Career and Technical Education as a member of the interdepartmental/interagency partnership to help the transition to a systems approach for career development;
- (2) Requiring the development and implementation of the Career Pathway Grant (Grant) process;
- (3) Requiring the provision of technical assistance to awardees of the grants and to participating schools and agencies;
- (4) Requiring the recruitment of business partners to participate in the Grant program;
- (5) Requiring the coordination of professional development for project-based learning and the integration of academic and applied learning; and
- (6) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1561, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1561, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Hale, Takumi, McDermott, Stonebraker and Souki.

SCRep. 388 Education on H.B. No. 487

The purpose of this bill is to require the Department of Education to conduct the financial analysis of school-by-school expenditures. The expenditure report will contain the following analyses:

- (1) trends;
- (2) deviation from the norm or average;
- (3) school-by-school comparison;
- (4) costs; and
- (5) benefits.

The State Auditor supported the bill. The Department of Education opposed the bill.

Following the public hearing on February 6, 2001, the Department of Education and the Office of the State Auditor met on the recommendation of your committee. The purpose of this meeting was for the auditor to review the department's new Hawaii School

Expenditure Reporting System (HSERS). Although the auditor found HSERS to comply with most of the recommended elements of the expenditure report, it excludes:

- (1) Capital Improvement Projects (CIP);
- (2) Debt service; and
- (3) trend analyses.

Your committee recommends that the suggestions of the auditor be followed.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 487 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 389 Consumer Protection and Commerce on H.B. No. 740

The purpose of this bill is to require retail suppliers of electricity in Hawaii to annually disclose information on the fuel mix of the electricity services they sell.

Testimony in support of this bill was received from the Public Utilities Commission, the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, the Department of Business, Economic Development, and Tourism (DBEDT) and Hawaiian Electric Company, Inc., and its subsidiaries Hawaiian Electric Light Company, Inc., and Maui Electric Company, Ltd. Testimony in support of the intent of the bill was received from Kauai Electric.

Your Committee notes that pursuant to chapter 196, Hawaii Revised Statutes, DBEDT annually issues reports on the fuel mix of Hawaii's electricity generation system in the "Energy Resource Coordinator's Annual Report." Your Committee finds that Hawaii's utilities and other energy providers have been cooperative in providing detailed information on their fuel mix to DBEDT.

Your Committee agrees with the intent of this bill, which seeks to increase consumer awareness of fuel choices made by electric utilities operating in Hawaii, without increasing costs to ratepayers.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 740, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 740, H.D. 2.

Signed by all members of the Committee except Representatives Case, Kanoho, B.Oshiro and Yoshinaga.

SCRep. 390 Judiciary and Hawaiian Affairs on H.B. No. 626

The purpose of this bill is to authorize the department of Hawaiian home lands ("department") to require that homestead lessees use private financing to reimburse the department for any advances made by the department. This bill applies only in those cases where the lessee obtained his or her lease interest as a result of any of the following:

- (1) The prior lessee died leaving no qualified successor;
- (2) The cancellation of the prior lease by the department; or
- (3) The surrender of a lease by the prior lessee.

The department submitted testimony in support of the bill.

Presently, advances made by the department are funded through the Hawaiian home loan fund or general loan funds. Your Committee finds that this bill would have a positive effect upon the financial solvency of both funds.

However, passage of the bill will require the consent of the federal government. Accordingly, your Committee has amended the bill by including a severability provision.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 626, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 626, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Morita, Yoshinaga and Whalen.

SCRep. 391 Judiciary and Hawaiian Affairs on H.B. No. 1399

The purpose of this bill is to appropriate funds for the Attorney General to appoint two special deputy attorneys general for the purpose of defending the State and its agencies in Patrick Barrett v. State of Hawaii and Governor Benjamin Cayetano, civil number

CV00-645 and John Carroll v. James Nakatani, et al., civil number CV00-00641, presently pending in the United States District Court.

Supportive testimony was submitted by the Office of Hawaiian Affairs, the State Council of Hawaiian Homestead Associations, the Oahu Council, and Hui Ka Ko'o Aina Ho'opulapula. The Department of the Attorney General, and Department of Hawaiian Home Lands supported the intent of this bill. Testimony in opposition to the bill was submitted by Ka Lahui Hawaii.

Your Committee believes it is critical that the State have the benefit of counsel from a select group of attorneys expert in litigating before the United States Supreme Court, not only to present the State's case to the Court, but, more importantly, to ensure that the foundation laid in the lower federal courts maximizes the State's ability to ultimately prevail.

Technical, nonsubstantive amendments were made for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1399, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 392 Labor and Public Employment on H.B. No. 171

The purpose of this bill is to repeal existing mandatory arbitration provisions and restore the right of public employees to strike.

The Department of Human Resources Development testified in support of this bill. The United Public Workers, and the Hawaii Government Employees Association opposed this bill.

Your Committee finds that subjecting public employees to final and binding arbitration deprives them of the right to determine for themselves and for their fellow employees whether the conditions of an agreement are satisfactory.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 171 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Djou and Rath.

SCRep. 393 Labor and Public Employment on H.B. No. 579

The purpose of this bill is to increase the membership of the Board of Trustees of the Employees' Retirement System from eight to nine members by adding a fourth citizen trustee. The bill also authorizes the Governor to appoint the Chair of the Board of Trustees.

The Department of Budget and Finance testified in support of this bill. The Department of Human Resources of the City and County of Honolulu testified in support of the intent of the bill. The Employees' Retirement System commented on the bill. The Hawaii State Teachers Association – Retired and the Hawaii Government Employees Association opposed the measure.

Your Committee has amended the bill by changing the effective date to July 1, 2020, and making technical, nonsubstantive amendments for consistency and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 579, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 579, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 394 Labor and Public Employment on H.B. No. 1059

The purpose of this bill is to change the method the Public Employees Health Fund uses to determine employer contributions for union sponsored health coverage, referred to as the amounts "ported" to the union plans by the health fund.

Your Committee finds that the Public Employees Health Fund is experiencing higher employer costs. One reason for the higher costs is due to the method the health fund uses in determining employer contributions for union sponsored health coverage. Currently, the health fund uses the participating union with the "highest enrollment" as the basis for determining employer contributions. This bill would reduce health fund (employer) costs by using the union with the "least costly" benefit plan.

Your Committee has amended the bill by allowing rate credits from employee contributions to non-union plans to be used to improve the soundness of the plans, which may include carrying out comprehensive financial audits.

Your Committee has also amended the bill to change the basis for determining the amount ported to the union plans by porting an amount based on the fund's most cost effective benefit plan.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1059, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1059, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.

SCRep. 395 Labor and Public Employment on H.B. No. 1174

The purpose of this bill is to change the composition and terms of the Board of Trustees of the Public Employees Health Fund.

Specifically, this measure changes the board composition by replacing the requirement of nine trustees from various sectors of the community and government with an unspecified but equal number of representatives from only public employee organizations and public employers.

Furthermore, this measure changes the term of the trustees by replacing the four-year terms with a six-year term for the retiree member and indeterminate terms for the others, which will be served at the discretion of the chief executive or public employee organization director.

Your Committee has amended this measure by requiring that one of the two board members who are appointed by the Governor to represent public employers must have health benefits design or benefits analysis experience.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1174, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.

SCRep. 396 Labor and Public Employment on H.B. No. 1318

The purpose of this bill is to allow the Public Employees Health Fund to offer different benefits to retirees.

Your Committee finds that the health care needs of retirees may exceed the needs of public employees in certain areas, such as for prescription drugs, but may require less coverage in other areas that are more important for a younger population. Nevertheless, the health benefits for retirees under the health fund have remained the same.

Your Committee agrees with the intent of this bill, and finds that allowing the health fund to offer potentially more suitable benefits to retirees may be more cost effective by not locking retirees' benefits into those offered for all public employees.

Your Committee has amended this bill by adding a purpose section as section 1 of the bill to explain the Committee's reasoning as outlined in this report, and by renumbering the remaining sections.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1318, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1318, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.

SCRep. 397 Labor and Public Employment on H.B. No. 1586

The purpose of this bill is to extend unemployment benefits for displaced employees of Amfac Sugar Kauai for an additional period of twelve months.

ILWU Local 142 and an individual supported this bill. The Department of Labor and Industrial Relations opposed this bill.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1586 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 398 Labor and Public Employment on H.B. No. 1130

The purpose of this measure is to make the employment and training fund assessment permanent, and to set the assessment rate at 0.03 per cent.

Your Committee finds that moneys in the employment and training fund may be used for funding:

- (1) The operation of the state employment service for which no federal funds have been allocated;
- (2) Business-specific training programs to create a more diversified job base and to carry out the purposes of the new industry training program;

- (3) Industry or employer-specific training programs where there are critical skill shortages in high growth occupational or industry areas;
- (4) Training and retraining programs to assist workers who have become recently unemployed or likely to be unemployed;
- (5) Programs to assist residents who do not otherwise qualify for federal or state job training programs to overcome employment barriers; and
- (6) Training programs to provide job-specific skills for individuals in need of assistance to improve career employment prospects.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, the International Longshoremen's and Warehousemen's Union, the United Public Workers, and Child and Family Services. Twenty-four other individual businesses supported the intent of this measure.

Your Committee received testimony in opposition to this measure from the National Federation of Independent Business and the Hawaii Business League.

Your Committee has amended this measure by:

- (1) Changing the employment and training fund assessment rate to 0.015 per cent; and
- (2) Requiring employers who use or who are assisted by programs funded through the employment and training fund to contribute up to fifty per cent of the cost of the assistance in cash or in-kind contributions.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1130, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.

SCRep. 399 Labor and Public Employment on H.B. No. 1167

The purpose of this bill is to add "occupational therapist" and "certified occupational therapy assistant" to the definition of medical care, medical service, or medical supplies for workers' compensation purposes.

The Department of Labor and Industrial Relations, Occupational Therapy Association of Hawaii, and numerous individuals testified in support of this bill. Argonaut Insurance Company, and Department of Human Resources of The City and County of Honolulu, and Hawaii Insurers Council opposed this commented.

Your Committee finds that occupational therapists and certified occupational therapist assistants have rendered optimum therapeutic services to workers' compensation patients that include multiple neurological and orthopedic diagnoses. Without the expertise of the occupational therapists and certified occupational therapist assistant, the patients would not receive the appropriate care needed.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1167, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Souki, Djou and Rath.

SCRep. 400 Labor and Public Employment on H.B. No. 617

The purpose of this bill is to increase the salaries of certain public officials.

Under the present law, annual compensation for department heads, deputy or assistants to department heads, and the administrative director of the State has not been increased in more than ten years. This bill is intended to make the pay of certain state officials comparable to holders of similar positions in the administration of the city and county of Honolulu. Increasing the compensation for certain public officers assists the State in attracting and retaining qualified individuals for government service.

The Office of the Governor, and the Department of Budget and Finance testified in support of this measure. The Department of Human Resources Development and the Department of Public Safety submitted comments.

Your Committee finds that Act 253, Session Laws of Hawaii 2000, endorses the principle that civil service employment should be based on merit. Your Committee believes that the merit principles of Act 253 should apply to determining compensation levels. In employment matters concerning public employees, the Legislature is comparable to a board of directors in the private sector. Your Committee feels that the Department of Human Resources Development should not set the salaries for all public officers and that the

best alternative would be to have an independent salary commission establish compensation, with the Legislature maintaining the authority to approve salary increases by a simple majority.

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

- (1) Adding a new section to chapter 26, Hawaii Revised Statutes, that creates a salary commission to be appointed by the Governor to establish the salaries of all elected official and certain appointed officials;
- (2) Deleting proposed salary increases for department heads or executive officers, deputies or assistants to department heads, and the administrative director of the State;
- (3) Clarifying that the salary commission determines the salaries of department heads and the administrative director, exclusive of any merit performance, and approves the salaries of deputies or assistants to department heads; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 617, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 617, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 401 Labor and Public Employment on H.B. No. 357

The purpose of this bill is to provide special compensation for state and county retirees over age sixty-five who have at least ten years of service, to assist with their living expenses.

Your Committee finds that retirees living on fixed incomes find it increasingly difficult to cope with the rising cost of living in Hawaii. These retirees, as state and county workers, made contributions that significantly assisted the state employees retirement system in building up its assets, which are now over \$9,000,000,000. A small portion of those funds should be directed back to the retirees, who deserve retirement with dignity.

The special compensation is calculated by multiplying a factor, starting at \$1.25 per month, by the retiree's number of years in service. The factor increases every five years.

Testimony in support of the bill was received from the Department of Budget and Finance and the President of the HGEA Retirees Unit. Testimony in opposition was received from the Oahu Retired Teachers Association. Concerns about the bill were also expressed by the Employees Retirement System.

Your Committee has amended this bill by increasing the service requirement to twenty years, and increasing the beginning date to receive the special compensation increment added by this bill from sixty-five to seventy. Your Committee has made these changes to balance the competing concerns of the Employees Retirement System's increase in unfunded liability under this bill, and the need to provide adequate level of retirement benefits for older retirees. It is the intent of your Committee, by this change, to exclude non-career public employees with shorter years of service, particularly those who have entered public service for the primary purpose of receiving an additional pension and free medical benefits.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 357, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 357, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 402 Labor and Public Employment on H.B. No. 572

The purpose of this bill is to authorize the Board of Trustees of the Public Employees Health Fund to return excess rate credits or reimbursements, or credit their return, to employee beneficiaries, provided that the source of the excess is the rate contributions to health benefit plans of nonparticipating employees.

In addition, this measure repeals the Board's authority to use those rate credits or reimbursements to improve only the health benefits plans of nonparticipating employee-beneficiaries.

Furthermore, this measure also appropriates funds out of the Hawaii Public Employees Health Fund trust fund for the purposes of this measure.

Your Committee has amended this measure by repealing the present law that requires the Board to return excess rate credits or reimbursements to the State or the county and by deleting the amendatory language that authorizes the Board to return excess rate credits or reimbursements to employee beneficiaries. Your Committee has furthermore amended this measure by authorizing the Board to use those excess rate credits and reimbursements instead to fund a comprehensive study and review of benefits design and analysis of all health benefits plans relating to the Public Employees Health Fund.

Your Committee has furthermore amended this measure by specifying that one way that rate credits or reimbursements may be used to improve the health benefits plans of nonparticipating employee-beneficiaries is to fund that comprehensive study and review.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 572, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.
(Representatives Moses and Rath voted no.)

SCRep. 403 Labor and Public Employment on H.B. No. 676

The purpose of this bill is to abolish the Hawaii State Occupational Information Coordinating Committee.

The Department of Human Services, Department of Labor and Industrial Relations, and Workforce Development Council submitted testimony in support of this bill.

Your Committee finds that with the repeal of Public Law 94-482 and Public Law 97-300 there no longer exists a need for the Hawaii State Occupational Information Coordinating Committee. This bill is the last step in the planned transition to shift responsibility for the occupational and career information system to the Hawaii Workforce Development Council which is a 31-member public/private partnership body administratively attached to the department.

Your Committee has made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 676, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 676, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 404 Judiciary and Hawaiian Affairs on H.B. No. 699

The purpose of the bill is to delete the requirement that individuals who are to be tested for substance abuse be given a medication disclosure form.

Supportive testimony was received by the Office of the Lieutenant Governor and the Department of Health.

Your committee believes the requirement for a medical disclosure form is unnecessary because this type of information is already being solicited from the tested individual by the medical review officer who reviews all positive test results. Furthermore, the medical disclosure form presents a potential violation of the confidentiality of medical information laws.

Accordingly, your Committee asserts that this bill will serve the public good by clarifying laws and enhancing the efficiency of government.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 699 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 405 Judiciary and Hawaiian Affairs on H.B. No. 705

The purpose of this bill is to exempt the Crime Victim Compensation Commission (Commission) from paying fees on central service and administrative expenses incurred for the operation of the Crime Victim Compensation Special Fund.

Supportive testimony was submitted by the Commission, and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee finds that the Commission paid over \$45,000 in assessments for fiscal year 2000-2001, and will need to pay an estimated \$60,000 for fiscal year 2001-2002.

Funds for these assessments are not included in the Commission's operating budget. As such, the Commission has not been able to fill two of six positions in order to reserve funds for the payment of the assessments. This situation has created a staffing shortage within the Commission that has severely impacted the State's ability to adequately serve Hawaii's victims of violent crime.

In light of this, your Committee believes this bill will promote the public good by ensuring that the Commission will have sufficient resources to carry out its responsibilities.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 705 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Yoshinaga and Whalen.

SCRep. 406 Judiciary and Hawaiian Affairs and Public Safety and Military Affairs on H.B. No. 709

The purpose of this bill is to appropriate \$450,000, for fiscal year 2001-2002, to compensate:

- (1) Private citizens who are injured or killed by any act or omission of any other person coming within the criminal jurisdiction of the State after June 6, 1967;
- (2) State residents who are injured or killed by an act or omission resulting from a "violent crime" committed after July 1, 1989, in another state; and
- (3) State residents who are injured or killed by an act of terrorism occurring outside the United States.

Supportive testimony was submitted by the Crime Victim Compensation Commission (Commission), and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee finds that victims typically receive an award when they have no other recourse. Restitution from the offender, while theoretically available, is usually a hollow promise of recompense. Unfortunately, a very small percentage of convicted offenders ever pay full restitution.

In addition, the federal funding that is annually allocated to the Commission through the Victims of Crime Act is based on the State's appropriation. Thus, anything less than full funding of the Commission's appropriation of \$450,000 could possibly result in a similar reduction in federal funds.

After careful consideration, your Committee wishes to determine whether the Commission and the Judiciary are maximizing the receipt of compensation fees in accordance with Section 351-62.5, Hawaii Revised Statutes. As such, your Committee has amended this bill to require the Commission to report:

- (1) The maximum amount of compensation fees that could have been collected during fiscal year 2000-2001;
- (2) The total amount deposited by the courts for fiscal year 2000-2001; and
- (3) An analysis of any discrepancies between these amounts, including recommendations on ways of maximizing the amount of fees deposited into the Fund.

The appropriation amount was also revised to \$1 to allow the Committee on Finance to opportunity to determine the actual appropriation needed for the purpose of this bill.

Lastly, technical, nonsubstantive amendments were made for purposes of clarity, style, and conformity.

As affirmed by the records of votes of the members of your Committees on Judiciary and Hawaiian Affairs and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 709, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 709, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga, Whalen, Saiki and Rath.

SCRep. 407 Judiciary and Hawaiian Affairs on H.B. No. 637

The purpose of the bill is to encourage consideration of "ohana conferencing" as a practice in the resolution of child protective cases.

Your Committee received testimony in support of the measure from the Department of Human Services. Your Committee received testimony in opposition to the measure from the Hawaii State Foster Parents Association.

Your Committee finds that giving statutory consideration to the practice of "ohana conferencing", which allows for input from family members to expedite decision making, would encourage a practice that shortens the time a protected child is placed in foster care.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 637 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 408 Judiciary and Hawaiian Affairs on H.B. No. 1529

The purpose of this bill is to increase protection of Hawaii's waters by authorizing the right of citizens to sue violators of Hawaii's clean water laws.

Testimony in support was submitted by the Sierra Club and two private individuals.

Testimony in opposition was submitted by the Department of Environmental Services of the City and County of Honolulu, the Hawaii Agriculture Research Center, the Land Use Research Foundation of Hawaii, and Hawaiian Electric Company.

Your Committee finds that the quality of life in Hawaii is significantly impacted by the cleanliness of the State's fresh and marine waters. Allowing private citizens to assist in the enforcement of the State's clean water requirements will thus promote the preservation of Hawaii's high quality of life.

Concerns were expressed regarding the methods in which the bill distinguished between discharge violations versus reporting violations, and the assessment of attorneys' fees and costs. However, after further deliberation, the Committee passed the measure without amendment in order to promote the overall purposes of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1529, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 409 Judiciary and Hawaiian Affairs on H.B. No. 176

The purpose of the bill as received by your Committee is to:

- (1.) Mandate substance abuse assessment treatment for offenders under the custody of the Department of Public Safety; and
- (2.) Implement a policy shift in addressing non-violent drug possession offense by requiring mandatory community-supervision and treatment in lieu of incarceration.

Your Committee received testimony in favor of the measure from the Judiciary, the Department of Public Safety, the Department of Health, the Office of the Public Defender, the American Civil Liberty Union, the Community Alliance on Prisons, Drug Policy Forum of Hawaii, T.J. Mahoney & Associates and a concerned individual. Your Committee received testimony in opposition from the Department of the Prosecuting Attorney for the City and County of Honolulu and the Honolulu Police Department.

Your Committee finds that supporting substance abuse treatment through mandatory probationary terms and conditions serves the interest of public safety and public health.

After much input from the Judiciary and the Department of Public Safety your Committee amended the bill by:

- (1.) Clarifying the definition of "drug court" as used in this bill;
- (2.) Deleting the requirement of an evidentiary hearing to determine if the defendant:
 - (a.) Is a good candidate for drug treatment and
 - (b.) Is a risk to the community;
- (3.) Directing the court not to revoke probation merely for a single violation;
- (4.) Giving the court discretion in imposing up to one year of jail as a condition of probation at the time of initial sentencing;
- (5.) Giving the court discretion in imposing up to one year of jail as a condition of probation at the time of a hearing on revocation and resentencing;
- (6.) Granting expungement also to those who might fail this program but nevertheless completes the more difficult drug court program; and
- (7.) Making technical and nonsubstantive changes for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 176, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 176, H.D. 2.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 410 Judiciary and Hawaiian Affairs on H.B. No. 632

The purpose of this bill is to establish the statutory framework for the licensure of home and community-based case management agencies.

Supportive testimony was submitted by the Department of Human Services, the Department of the Attorney General, the Healthcare Association of Hawaii, Queen's Health Care Centers, and Catholic Charities Elderly Services.

Your Committee believes that the licensing of community-based case management agencies will promote the development of proven, cost-effective residential long-term care options and ensure the availability of high-quality care regardless of an individual's Medicaid eligibility.

After careful consideration, your Committee has amended this bill by:

- (1) Clarifying references to persons "convicted of a crime other than a minor traffic violation involving a fine of \$50 or less";
- (2) Stipulating that investigations be conducted by the Department of Human Services; and
- (3) Making various technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 632, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 632, H.D. 2.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 411 Judiciary and Hawaiian Affairs on H.B. No. 666

The purpose of this bill is to promote the effective enforcement of Hawaii's clean water laws by:

- (1) Authorizing the Department of Health to delegate to the counties the regulation of individual wastewater systems; and
- (2) Appropriating grant-in-aid funds to the Counties of Maui, Kauai, and Hawaii, and the City and County of Honolulu for the financing of county operations costs incurred from the regulation of individual wastewater systems.

Supportive testimony was submitted by the Department of Health, the Office of the Lieutenant Governor, and the Mayor of the County of Hawaii. The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO opposed the bill. Comments were also submitted by the Office of the Mayor of the County of Hawaii (Mayor's Office).

Your Committee finds that the delegation of individual wastewater systems regulation to the counties would significantly decrease the processing time for building permits by eliminating the need for the public to submit their building permit applications to the Department of Health.

However, your Committee also acknowledges that all of the counties have not submitted estimates on the operational funds that would be necessary to implement these new responsibilities.

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

- (1) Changed the appropriation amount to \$1 for purposes of facilitating continued discussion on this measure;
- (2) Clarified that the transfer of functions shall not affect the benefits or privileges of employees that have accrued; and
- (3) Made technical, nonsubstantive amendments were made for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 666, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 666, H.D. 1.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 412 Judiciary and Hawaiian Affairs on H.B. No. 733

The purpose of this bill is to effectuate certain housekeeping measures consistent with Act 115, Session Laws of Hawaii 1998, which authorizes the University of Hawaii to retain its own attorneys.

This bill exempts the University from having to obtain the approval of the State attorney general prior to acquiring an interest in real property, and transfers the following duties and powers from the State attorney general to the University general counsel:

- (1) The duty to receive service of process on behalf of the University;
- (2) The duty to represent members of the University's board of regents in civil actions; and
- (3) The power to designate which accounts shall be deleted from the University of Hawaii's accounts receivable records;

The University of Hawaii testified in support of the bill.

Your Committee finds that transferring the following duties and powers from the State attorney general to the University general counsel is consistent with the enactment of Act 115, Session Laws of Hawaii 1998:

- (1) The duty to receive service of process on behalf of the University;
- (2) The duty to represent members of the University's board of regents in civil actions; and
- (3) The power to designate which accounts shall be deleted from the University of Hawaii's accounts receivable records.

However, your Committee finds that the University should not be exempt from obtaining the prior approval of the State attorney general before acquiring an interest in real property. Since the funding of real property acquisitions by the University will continue to be financed through legislative appropriations, maintaining State oversight is necessary to ensure fiscal accountability. Accordingly, your Committee has amended this bill by deleting the exemption.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 733, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 733, H.D. 1.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 413 Judiciary and Hawaiian Affairs on H.B. No. 1540

The purpose of this bill is to make permanent the repeal of a law that restricted expenditures from the Crime Victim Compensation Special Fund (Fund) for the operating expenses of the Crime Victim Compensation Commission (Commission) to not more than thirty per cent of the Fund.

Supportive testimony was submitted by the Commission, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Sex Abuse Treatment Center.

In 1999, the Legislature enacted Act 278 which, among other things, temporarily restricted the expenditure of Fund moneys for the Commission's operating expenses. Under Act 278, this restriction is to be repealed on July 1, 2001.

The Commission testified that if the sunset provision is not repealed, the thirty percent restriction would apply and result in the reduction of Commission staff by fifty percent. The understaffing created by the cap will limit the Commission's ability to properly administer compensation awards.

After careful consideration, your Committee has amended this bill by extending the sunset date of the restriction to July 1, 2003. In addition, your Committee has incorporated housekeeping amendments to SECTION 7 of Act 278, Session Laws of Hawaii 1999, as were suggested by the Legislative Reference Bureau.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1540, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1540, H.D. 1.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 414 Judiciary and Hawaiian Affairs on H.B. No. 1351

The purpose of this bill is to establish an impact litigation unit in the department of the attorney general.

A private attorney submitted testimony in support.

The department of the attorney general submitted testimony in opposition.

Your Committee recognizes the importance of providing assistance to the department of the attorney general in the handling of cases requiring specialized skills or knowledge found only in the private sector. Your Committee thus finds that this bill would significantly enhance the State's ability to represent its interests in court.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1351 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.
(Representative and Thielen voted no.)

SCRep. 415 Judiciary and Hawaiian Affairs on H.B. No. 161

The purpose of the bill is to:

(1.) Implement certain recommendations by a Legislative Reference Bureau study for access and use of criminal history record information to conduct criminal history record checks for noncriminal justice employment and licensing screening; and

(2.) Create a working group to make recommendations on policy issues raised by the study.

Your Committee received testimony in favor of the measure from the Department of the Attorney General, the Department of Human Services, the Executive Office on Aging, and the Hawaii Association of Independent Schools. Your Committee received testimony in opposition of the measure from the Hawaii Civil Rights Commission. The Legislative Reference Bureau submitted comments on the measure.

Your Committee finds that much discussion still remains before a consensus will be achieved on the revision of the term nonconviction data. Your Committee further finds that the widely supported proposal for a work group indicates the need to come to terms fully with the problems involved before making hasty amendments to the statutes that may later be regretted.

Your Committee amended the bill by:

- (1.) Deleting statutory amendments that refer to "nonconviction data"; and
- (2.) Making technical and nonsubstantive changes for the sake of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 161, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 161, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.

SCRep. 416 Judiciary and Hawaiian Affairs on H.B. No. 301

The purpose of the bill is to:

- (1.) Amend the inventory period for a licensee, who provides public displays of fireworks more than once a month, to import and store aerial common fireworks and special fireworks from six months to twenty four months;
- (2.) Charge a \$100 license fee for public display companies, including public display companies that import and store fireworks;
- (3.) Repeal the requirement that the firework permit for public display must be obtained not less than twenty days before the date of the display; and
- (4.) Clarify that the fee for permits for public display are in addition to any license fee and that the fee for a permit for public display shall be \$110 per event and used for purposes specified in section 132D-11(a) of the Hawaii Revised Statutes.

Your Committee received testimony in favor of the measure from the Mayor of Hawaii County. The Hawaii Explosive & Pyrotechnics, Inc. provided comments on the measure.

Your Committee finds that this measure will encourage the ease of operation for professional pyrotechnical companies. Your Committee understands the concerns raised regarding the extension of storage time from six months to twenty-four months which may allow opportunity for clandestine sale of common aerial fireworks from the storage stock. However, the provisions of the fireworks statute as amended last legislative session indicated under Section 132D-11 (concerning fees) that license fees shall be used for county auditors who are mandated to monitor strict inventory and recordkeeping requirements to ensure that sales of fireworks are made only to license or permit holders.

Your Committee amended the bill by inserting a provision recommended by the Mayor of Hawaii County requires the storage of aerial common fireworks and special fireworks to be in conformity with county building codes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 301, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 301, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.
(Representative Marumoto voted no.)

SCRep. 417 Labor and Public Employment on H.B. No. 1057

The purpose of this bill is to assist the Public Employees Health Fund Board of Trustees to effectively carry out its fiduciary duty to the Health Fund.

Specifically, this bill empowers the Public Employees Health Fund Board of Trustees to annually audit each health benefits plan offered by an employee organization, with the costs of the audits to be borne by the Health Fund.

Your Committee received testimony supporting the intent of the bill from the Department of Budget and Finance. Testimony in opposition was received from the United Public Workers. The Public Employees Health Fund testified taking no position on the bill and the Hawaii Government Employees Association offered comments.

Your Committee believes that the Board of Trustees of the Public Employees Health Fund has a fiduciary duty to ensure that the moneys deposited into the Health Fund by both public employers and public employees for the payment of health benefit plans for public employees are properly and effectively expended. Your Committee finds that the Board of Trustees cannot effectively fulfill this fiduciary duty without clear authority to conduct financial audits of the health benefits plans offered by employee organizations.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1057 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.

SCRep. 418 Labor and Public Employment on H.B. No. 860

The purpose of this bill is to provide a military service credit of up to four years to qualified retirants of the Employees' Retirement System.

Your Committee received testimony in favor of this bill from the Office of Veterans Services, the Hawaii Government Employees Association's retirees unit, the United Public Workers, two veterans of Maui County, and a representative from the Employees' Retirement System expressed concern over costs.

Your Committee finds that veterans who have since retired but did not have an opportunity to receive retirement credit for their years in the military possibly may want that opportunity now in order to raise their retirement pensions. Additional pension money may help with the cost of living, medical expenses, and other costs of aging, of which veterans make up a portion of elderly. Additionally, your Committee is aware that to date, eligibility for the military service credit has depended entirely upon whether a member had retired before or after the law was passed establishing the credit. Your Committee believes that the focus of eligibility should be the person's military service, rather than the date of their retirement from state or county government service.

Your Committee has amended this bill by making a substantive change to its effective date to July 1, 2020, to provide for further discussion.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 860, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 860, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 419 Labor and Public Employment on H.B. No. 1689

The purpose of this bill is to clarify that the Board of Trustees of the Public Employees Health Fund owes a primary fiduciary duty to public employers.

Your Committee agrees with the intent of this bill, but finds that it fails to also include the ultimate fiduciary duty owed by the fund to public employees.

In particular, your Committee finds that the Board of Trustees of the Health Fund has a fiduciary duty to public employees in administering moneys contributed to that fund to pay for health care benefits for public employees. In order to fulfill its fiduciary duty to public employees, the board must also adopt a fiduciary duty to public employers to ensure that the overall health fund system continues to survive and provide benefits to public employees.

Your Committee finds that if the board were to single-mindedly pursue actions that reflect a solitary fiduciary duty only to public employees without regard to rising employer costs, the possibility arises that the entire health benefits system for public employees may break down. If this occurs, the board would not have fulfilled its fiduciary duty to public employees.

Your Committee further finds that moneys in the Health Fund consists of contributions from both public employers and public employees. Although benefits go only to public employees, moneys in the Health Fund are derived from employers as well as employees. The Board of Trustees must therefore owe a dual fiduciary duty to both public employers and public employees.

Your Committee further finds that the Attorney General concurs with the idea that the Board of Trustees of the Health Fund owes a dual fiduciary duty to both public employers and employees. In an unnumbered letter opinion dated January 6, 2000, in response to a question from Representative Nathan Suzuki, the Attorney General specifically found that both the statutory scheme and legislative history of chapter 87, Hawaii Revised Statutes, evidenced the Legislature's intent that the Board owes duties to both the employee-beneficiary and to the public employer in the conduct of its affairs.

Accordingly, your Committee has amended this bill to clarify that the Board of Trustees of the Public Employees Health Fund owes a dual fiduciary duty to both public employees and public employers. Your Committee has also added a purpose section to explain the Committee's reasoning and renumbered the remaining sections.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1689, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1689, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.

SCRep. 420 Labor and Public Employment on H.B. No. 307

The purpose of this bill is to specifically prohibit public officers and employees from assigning themselves excessive overtime in order to increase their average final compensation under the Employees' Retirement System.

Testimony in support of the measure was received by the Department of Budget and Finance and the Employees' Retirement System. Testimony in opposition to the measure was received from a Honolulu Police Department detective.

Your Committee has redrafted the measure to specify that compensation earned as a result of the abusive use of overtime cannot be included in the calculation of the average final compensation. Your Committee has also amended this measure to place a ceiling on the inclusion of overtime for the purpose of calculating a person's average final compensation. It appears appropriate for the employer to hire additional personnel in the event that overtime of more than one hundred fifty percent above an employee's average compensation is accrued by any employee.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 307, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 421 Labor and Public Employment on H.B. No. 643

The purpose of this bill is to provide that the Hawaii Labor Relations Board (HLRB) shall act as the merit appeals board and hear appeals of actions taken against civil service employees.

Your Committee received testimony in support of this measure from the Hawaii Labor Relations Board, Department of Human Resources Development, and United Public Workers. The Hawaii Government Employees Association opposed this bill.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2020; and
- (2) Making a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 643, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.

SCRep. 422 Labor and Public Employment on H.B. No. 671

The purpose of this bill is to improve the functioning of the Hoisting Machine Operators Advisory Board. Specifically, this bill:

- (1) Places the Board within the Department of Labor and Industrial Relations; and
- (2) Authorizes the hiring of an executive director for the Board.

Your Committee received testimony in support of this bill only from the Department of Labor and Industrial Relations.

Your Committee finds that this Department is statutorily authorized to regulate hoisting machines and certify their operators pursuant to section 396-4(a)(5), Hawaii Revised Statutes. More importantly, your Committee finds that placement of the Board within a department is a matter of constitutional necessity, as mandated by article V, section 6 of the State Constitution.

Your Committee has amended this bill by making a substantive change to its effective date, from "upon approval" to July 1, 2020 to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 671, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 671, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Nakasone, Souki and Djou.

SCRep. 423 Labor and Public Employment on H.B. No. 850

The purpose of this bill is to require employers to allow their employees to use their sick leave to take care of a child, parent, spouse, or reciprocal beneficiary.

Your Committee finds that Hawaii has a high percentage of two-wage earner families, and a particularly high number of employees who are also parents of school children. These employees have a difficult enough time juggling their schedules when their children and extended family members are well. When a parent or child is ill, however, the system falls apart. Employees must take vacation time off to care for sick children, elderly parents, or seriously ill spouses or reciprocal beneficiaries as most employers do not allow the employees to take their own sick leave to attend to their sick family members.

These employees are not experiencing the rest and relaxation from work that is the point of vacation time when they care for sick relatives; instead, they are hard at work on the home front, stressing out about missing work and concerned about how using vacation time now may lead to the inability to care for children during school breaks later during the year. Some employers have recognized this problem and allow employees to use their accrued sick leave to care for close relatives. This is a sensible and humane alternative that recognizes the reality that employees do need to care for their young children and elderly parents without penalizing them for doing so.

Testimony in support of the bill was received from the ILWU, the UPW, the HSTA, and the International Brotherhood of Electrical Workers. Testimony in opposition as received from the Department of Labor and Industrial Relations and the Hawaii Bankers Association.

Your Committee has amended this bill by changing the effective date to July 1, 2020, for the purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 850, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 850, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.
(Representative and Moses voted no.)

SCRep. 424 Labor and Public Employment on H.B. No. 1077

The purpose of this bill is to require bidders for printing and advertising services to file a sworn statement with the Director of Labor and Industrial Relations that the services to be performed will be performed under certain conditions.

Your Committee received testimony in favor of this measure, with proposed amendments, from the Department of Accounting and General Services and the Hawaii Newspaper Guild.

Your Committee agrees with the intent of this bill, and finds that it will help to ensure that those who bid on state contracts for printing and advertising compete on an equal basis.

Upon further consideration, your Committee has amended this bill by changing the effective date from upon approval to July 1, 2020, to facilitate additional discussion on this measure.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1077, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1077, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.
(Representative Moses voted no.)

SCRep. 425 Labor and Public Employment on H.B. No. 1548

The purpose of this bill is to authorize the Board of Trustees of the Hawaii Public Employees Health Fund to provide reimbursement to carriers providing long-term care benefits to employee-beneficiaries and related individuals.

Specifically, this measure authorizes the Board to reimburse the carrier a monthly amount of \$5 for each enrolled employee-beneficiary on the condition that the carrier offers monthly payouts in \$2,000 increments and at least half of the monthly payout is available to cover home- and community-based care.

Testimony in support of the measure was not received. Testimony in opposition to the measure was received from the Director of Finance. Comments on the measure were received from the Acting Administrator of the Hawaii Public Employees Health Fund.

Your Committee has amended this measure by changing the effective date to July 1, 2020, and by making a technical nonsubstantive correction.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1548, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1548, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.
(Representatives Moses and Rath voted no.)

SCRep. 426 Labor and Public Employment on H.B. No. 568

The purpose of this bill is to create an Employer-Union Health Benefit Trust Fund, as a system and as a fund, to replace the existing Public Employees Health Fund system and trust fund.

Specifically, this bill provides for a ten-member Board of Trustees, five representing employee organizations, including one retiree, and five members representing public employers, including the Directors of Human Resources Development and Finance and one representative of the counties on a rotational basis. The board is required to provide quality health and other benefit plans at a cost affordable to both public employers and public employees.

The bill gives the new Board of Trustees essentially the same duties and responsibilities as those given to the existing Board of Trustees of the Public Employees Health Fund. However, this bill grants the new board several new powers, including investing money in certain ways and purchasing certain securities and other instruments, hiring an administrator and staff exempt from civil service laws, contracting for financial audits of the fund and carriers, and retaining auditors, actuaries, investment firms and managers, benefit plan consultants, or other professional advisors.

The new board is permitted to hold meetings if the chairperson gives six days written notice, if two trustees give ten days notice, or without notice if all trustees agree to hold a meeting.

This bill further provides extensive procedures for decision making by the board, including steps to take in event of a deadlock on a vote that includes the use of an impartial umpire and the constitution of a board of arbitration.

This bill also creates the Employer-Union Health Benefit Trust Fund to pay for employee health benefits. The State and the counties are required to make monthly contributions to the new trust fund in a specified dollar amount that does not exceed the actual cost of the benefit plan. The bill requires the public employers to pay blank monthly "base amounts" for various retirees with varying years of service for various benefits, based on participation in Medicare part B self, two-party family, and three-party or more family plans, and for retirees without Medicare part B plans. The base amounts are legislatively set and annually adjusted by the percentage increase in Medicare part B premiums. Public employer contributions for active employees do not involve base amounts but must be in a specified dollar amount that does not exceed the actual cost of a benefit plan.

This bill further transfers positions and personnel, and appropriations and assets, etc., of the existing Public Employees Health Fund to the new Employer-Union Health Benefit Trust Fund on July 1, 2003. However, the Governor is required to appoint the ten members of the new board prior to December 29, 2001. The existing board may extend current benefit plans until July 1, 2003, and may hire an administrator of the Public Employees Health Fund exempt from civil service laws and contract for financial audits. Existing rules are to remain in effect until the new board adopts rules. The bill also makes a blank appropriation for transition expenses including salary for the new staff.

Finally, this bill takes effect upon approval except that the repeal of the existing Public Employees Health Fund takes effect on July 1, 2003, and the appropriation takes effect on July 1, 2001.

Your Committee received testimony in support of this bill from the United Public Workers. The Office of Information Practices testified taking no position on the substance of the bill but strongly objecting to the provision allowing the board to hold meetings without written notice if all members agree. Your Committee also received testimony in support, but with certain reservations, from the Department of Budget and Finance, the City and County of Honolulu Department of Human Resources, and the Hawaii Government Employees Association. The Public Employees Health Fund supplied comments.

Upon further consideration, your Committee has amended this bill to address the concerns of the Office of Information Practices by deleting language in section -19, Hawaii Revised Statutes, on page 16, lines 18-19 allowing meeting without notice if all trustees agree. Your Committee has also made several technical, nonsubstantive amendments in that same section for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 568, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 568, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.

SCRep. 427 Labor and Public Employment on H.B. No. 1058

The purpose of this bill is to establish a legislatively-imposed ceiling on public employee health fund expenditures for health benefits.

Specifically, this bill subjects and limits the payment by the State and the counties for various health benefits to collective bargaining agreements, if permitted by law, or to a legislatively appropriated amount, whichever is appropriate. This limitation applies to all public employer monthly contributions to the health fund for a health benefits plan, dental benefits plan, group life insurance benefits plan, and the supplemental plan for federal Medicare.

Your Committee believes that limits on the expenditures of the Public Employees Health Fund for the payment of health benefits for public employees and retirees is necessary in light of the ever-rising costs of health care coverage.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1058 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.

SCRep. 428 Labor and Public Employment on H.B. No. 1062

The purpose of this bill is to discontinue health fund reimbursements for Medicare part B premiums to public employees who retire on or after July 1, 2001, and their spouses.

The Department of Budget and Finance supported the intent of the bill to contain costs, but wanted reimbursements to continue. Testimony in opposition was submitted by HGEA and UPW.

Currently, the public employees health fund reimburses retired public employees for the amounts paid for voluntary Medicare B insurance premiums. If this practice is continued, the Auditor has predicted the State and counties' unfunded employer liability for 2013 will be at least \$1,100,000,000. Your Committee believes that this bill presents a fiscally prudent step to avoid such liability.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1062 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.

SCRep. 429 Labor and Public Employment on H.B. No. 619

The purpose of this bill is to reduce the cost of workers' compensation benefits.

The bill accomplishes this by authorizing alternatives to vocational rehabilitation for injured employees, which will enable them to restore their earning capacities.

This bill also establishes parameters for the use of rehabilitation services on the employee's home island, if available, and clarifies the purpose and use of tools and equipment necessary to complete any vocational training.

The departments of Labor and Industrial Relations and Human Resources Development, the Building Industry of Hawaii, Argonaut Insurance, and the Hawaii Insurers Council testified in support of the bill. The International Association of Rehabilitation Professionals, the International Laborers and Workers Union, and two individuals testified against the bill.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 619 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki and Djou.

SCRep. 430 Labor and Public Employment on H.B. No. 577

The purpose of this bill is to fund authorizations and appropriations for state officers and employees excluded from collective bargaining.

Your Committee finds that fund authorizations and appropriations by the Legislature are necessary to cover the expected cost of implementing salary adjustments and other cost items for excluded officers and employees.

Your Committee has amended this bill by:

- (1) Inserting the sum of \$1 for all appropriated amounts; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 577, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 577, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 431 Labor and Public Employment on H.B. No. 852

The purpose of this bill is to provide for wage and salary adjustments for public sector managers excluded from collective bargaining that are on par with their civil service counterparts.

Your Committee recognizes that Act 253, Session Laws of Hawaii 2000, sets forth pay for performance principles for excluded managers. However, the Department of Human Resources Development needs adequate time to implement a comprehensive compensation and incentive program. Accordingly, this measure is being passed to further discussion.

Your Committee has amended this bill by amending the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 852, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 852, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.
(Representatives Rath and Djou voted no.)

SCRep. 432 Labor and Public Employment on H.B. No. 642

The purpose of this bill is to establish a public-private partnership that allows the Public Employees Health Fund to share in the cost of a single health benefit plan for employees with dual health plan coverage.

Presently, the health fund estimates that 7,337 public employees have dual medical coverage where a public employee and the employee's spouse are covered by the health fund and the employee's spouse is additionally insured by a private sector employer. This situation results in the private sector spouse being covered by both the public and private employers.

This bill would reduce health fund costs by establishing a public-private partnership that would eliminate this dual coverage situation and allow the health fund to share the cost for a single medical plan for such public employees and their spouse.

Your Committee received testimony from the Department of Budget and Finance. Testimony was also received from the Hawaii Government Employees' Association and the United Public Workers who were opposed to the bill.

Your Committee has amended the bill by changing the effective date to July 1, 2020, and by making technical amendments that have no substantive effect.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 642, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 642, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Djou and Souki.

SCRep. 433 Labor and Public Employment on H.B. No. 1113

The purpose of this bill is to provide a surviving spouse or reciprocal beneficiary whose benefits from the employees' retirement system were terminated because of remarriage or entry into another reciprocal beneficiary relationship subsequent to the member's death, to apply for reinstatement of the pension or benefit.

In addition, this bill clarifies ambiguities relating to the purchase of military service credit by qualified members of the Employees' Retirement System. In particular, the bill provides that beginning July 1, 2001, any active military service that is acquired or for which a refund was made to the member in accordance with this bill is to be credited as class C service at the rate of one and one-fourth per cent for each year of credited service. Contributory members may exercise the option to purchase active military service as described to raise the member's base military service credit to a level equal to the member's contributory allowance status at the time the military service is purchased. Elections of this option must be made within three months of the approval of the application for military service credit by the Employees' Retirement System and are final and irrevocable. Members who, before July 1, 2001, had made lump sum payments or additional deductions from their compensation to obtain membership service credit for active military service and who elected to receive a military service credit at the base military service credit rate may receive a refund for all member payments and deductions made up to the amount credited.

Your Committee finds that when pension benefits are terminated because of remarriage or entry into another reciprocal beneficiary relationship, the survivor often suffers major economic hardship, surviving minor children are put at risk, or other financial problems occur.

Your Committee has amended this bill by limiting the reinstated benefits to ten years from date of reinstatement. Your Committee finds that this period of time should accommodate circumstances of the presence of young children and allow finances to catch up with the needs of the surviving spouse or reciprocal beneficiary.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1113, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.
(Representative and Moses voted no.)

SCRep. 434 Labor and Public Employment on H.B. No. 1168

The purpose of this bill is to clarify the scope of negotiations and consultation relating to policies, procedures, and collective bargaining by:

- (1) Requiring procedures be established to periodically review the repricing of classes within the jurisdiction and that the repricing based on these results is at the employer's discretion;
- (2) Repealing the requirement that classes be determined equal for purposes of equal pay for equal work by classification of positions based on objective criteria and job evaluation, unless there is an agreement to negotiate repricing;
- (3) Clarifying matters affecting employee relations that are subject to consultation;
- (4) Repealing the current provisions for repricing of classes within bargaining unit; and
- (5) Providing that an employer may submit an alleged violation to binding arbitration when an exclusive representative violates a contract provision.

The City and County of Honolulu testified in support of this measure. Testimony in opposition was submitted by HUGE, HATS, and the UP.

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

- (1) Deleting the provision that set forth matters affecting employees relations subject to consultation;
- (2) Retaining the provision that determines how the repricing of classes within a bargaining unit may be negotiated; and
- (3) Deleting the provision that allows an employer to submit an alleged violation to binding arbitration when an exclusive representative violates a contract provision.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1168, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 435 Labor and Public Employment on H.B. No. 1595

The purpose of this bill is to provide compensation and benefit adjustments for civil service employees excluded from the collective bargaining process.

Your Committee has amended this bill by changing the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1595, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 436 Judiciary and Hawaiian Affairs on H.B. No. 515

The purpose of this bill is to ensure that the State receives all moneys due under the tobacco settlement agreement by:

- (1) Establishing the Tobacco Enforcement Special Fund (Fund); and
- (2) Exempt the Fund from paying the central service surcharge and departmental administrative expenses.

The department of the attorney general submitted testimony in support.

Your Committee recognizes that the State must monitor and enforce the terms of the tobacco settlement agreement in order to qualify for Hawaii's share of tobacco settlement moneys. The establishment of the Fund will support the State's monitoring and enforcement efforts. Your Committee finds that financing these efforts using tobacco settlement moneys is appropriate. Moreover, exempting the Fund from paying the central service surcharge and departmental administrative expenses will ensure that the moneys deposited into the Fund are devoted to the intended purpose of the Fund.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 515 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 437 Judiciary and Hawaiian Affairs on H.B. No. 627

The purpose of this bill is to correct an inequity in section 209 of the Hawaiian Homes Commission Act, 1920, as amended (HHCA) relating to the blood requirements applicable to the descendants of lessees who acquired homestead leases under the Act of May 16, 1934 (48 Stat. 777, 779), as amended, or the Act of July 9, 1952 (66 Stat. 511, 513).

The department of Hawaiian home lands (department) submitted testimony in support of the bill. Ka Lahui submitted testimony in opposition to the bill. Proposed amendments were submitted by the State Council of Hawaiian Homestead Association.

Upon considering the proposed amendments, your Committee has deleted the substance of the bill, and amended the bill by:

- (1) Inserting a new findings and purpose section that expresses the legislature's support for Hawaii's indigenous people in their effort to attain greater self-governance;
- (2) Providing a section which affirms the federal trust relationship between the federal government and the indigenous people of Hawaii; and
- (3) Providing a section that allows for the delegation of authority from the department to homestead community self-governance organizations.

Your Committee agrees with the intent of this bill, as amended, and supports the efforts of the Hawaiian people to achieve a greater level of self-determination within their own communities. Your Committee further agrees that self-governance at the community level is an important first step for the Hawaiian people as they strive to establish a self-governing entity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 627, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 627, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 438 Judiciary and Hawaiian Affairs on H.B. No. 1182

The purpose of the bill is to appropriate funds for the Honolulu Police Department to act as the state control terminal agency for the national crime information center and the national law enforcement telecommunications system.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Department of Accounting and General Services, the Prosecuting Attorney for Hawaii County, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Hawaii County Police Department, the Honolulu Police Department, the Kauai County Police Department and the Maui County Police Department.

Your Committee finds that the Honolulu Police Department maintains itself as the Control Terminal Agency (CTA) in this state for the National Crime Information Center (NCIC) and the National Law Enforcement Telecommunications System (NLETS). Your Committee further finds that various agencies in this state draw information from these two databases and therefore depend on the Honolulu Police Department to maintain its status as the CTA for this state. However, your Committee notes that this appropriation is supposed to address an ongoing annual cost to the Honolulu Police Department and the bill is crafted in a manner that requests an appropriation for only the first year of the legislative biennium. An appropriation that includes the fiscal year 2002 to 2003 should be developed by the Finance Committee and therefore the appropriation dollar amount should be left open for further discussion.

Your Committee amended the bill by replacing the dollar figure appropriation amount with one dollar.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1182, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1182, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 439 Labor and Public Employment on H.B. No. 641

The purpose of this bill is to:

- (1) Allow a county legislative body to act independently in approving or rejecting collective bargaining cost items;
- (2) Provide that the whole agreement be returned for further bargaining when a cost item is rejected;
- (3) Clarify that public sector collective bargaining agreements have a duration of two years; and
- (4) Require a fact-finding panel to consider the impact of their recommendation or award of cost items on future collective bargaining agreements in determining the employer's ability to pay.

Testimony in opposition to this measure was presented by the Hawaii Government Employees Association, the Hawaii State Teachers Association, and the United Public Workers. The Department of Human Resources Development submitted comments.

Currently, public sector collective bargaining agreements expire on June 30 in odd numbered years to parallel the fiscal biennium. Some recent collective bargaining agreements have been for periods longer than one biennium.

Your Committee finds that clarifying that collective bargaining agreements are not to exceed two years will remove uncertainty and eliminate confusion among the parties. The Legislature is prohibited from approving cost items beyond the legislative biennium and cannot approve cost items in agreements that extend beyond two years.

Your Committee further finds that placing the Office of Collective Bargaining (office) with the Department of Human Resources Development will improve the office's access to data and administrative support, resulting in more efficient operations.

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

- (1) Deleting the provision that allows a county legislative body to act independently in approving or rejecting a cost item;
- (2) Deleting the requirement that the whole agreement is returned for further bargaining when a cost item is rejected by a state or county legislative body;
- (3) Deleting the requirement for a fact-finding panel to consider the impact of its recommendation or award of cost items on future collective bargaining agreements and to consider costs of all agreements in determining the employer's ability to pay;
- (4) Adding standard transfer and transition language in sections 3 to 7 applicable to the transfer of agencies or programs between departments; and
- (5) Making technical, nonsubstantive corrections for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 641, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Djou and Rath.

SCRep. 440 Labor and Public Employment on H.B. No. 356

The purpose of this bill is to change the tip credit eligibility for employers of employees receiving tips, from not less than 20 cents below the minimum wage to a blank percentage below the minimum wage beginning on January 1 of an unspecified year.

Currently, the hourly wage of an employee who receives tips may be deemed to be increased by tips if the employee is paid not less than 20 cents below the minimum wage, and the combined amount of wages and tips received is at least 50 cents more than the minimum wage. This bill changes the 20 cents to an unspecified percentage below the minimum wage.

Your Committee received testimony in favor of this measure from the Hawaii Restaurant Association. Testimony in opposition to this measure was received from the ILWU Local 142, the American Friends Service Committee, and the Department of Labor and Industrial Relations.

Your Committee realizes that Hawaii businesses struggling to recover from the long ten-year recession in the State need to keep overhead costs down. At the same time, your Committee believes that servers who receive tips work hard and should not be penalized by lowering their wages.

Your Committee wishes to keep discussion on this bill open but also wishes to address servers' needs by tying in the combined amount of tips and minimum wage, less the tip credit, to assure that this amount does not fall below \$9.43 per hour, the level of a living wage that would keep a family of four above the federal poverty level for Hawaii.

Accordingly, your Committee has amended this bill by changing the amount of the combined tips and wages from at least 50 cents above the minimum wage to "at least a living wage, currently \$9.43 per hour." This amount of \$9.43 represents the hypothetical hourly "living wage" for Hawaii. The bill has also been amended to require the Department of Labor and Industrial Relations to annually adjust, by rule, the hypothetical living wage for Hawaii on January 1, 2003 and every year thereafter, based on forty hours of work per week for fifty-two weeks a year that would keep a family of four above the federal poverty level for Hawaii.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 356, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Rath voted no.)

SCRep. 441 Labor and Public Employment on H.B. No. 166

The purpose of this measure is to increase the minimum wage. The bill provides that Hawaii's minimum wage shall be not less than 50 cents greater than the federal minimum wage beginning January 1, 2002.

Testimony in support of this bill was submitted by the Hawaii State Commission on the Status of Women; American Friends Service Committee, Hawaii Area; Women's Legislative Coalition; Hawaii Women's Political Caucus; and the ILWU. The Department of Labor and Industrial Relations supported the intent of the bill, but preferred H.B. No. 669. The Hawaii Business League, Hawaii Restaurant Association, and Retail Merchants of Hawaii opposed the measure.

Your Committee finds that despite the steady and constant increase in the cost of living in Hawaii, there has been no increase in the minimum wage for the past seven years. Testimony established that minimum wage issues disproportionately impact women and minorities.

The Department of the Attorney General has informed your Committee that tying raises in the State's minimum wage to increases in the federal minimum wage effectively abdicates the Legislature's power to set Hawaii's minimum wage and is prohibited. Adoption of future legislation is prohibited because it is considered a relinquishment of the Legislature's duty. Although the Attorney General noted there are exceptions to the general rule and the Hawaii Supreme Court has not ruled on any similar issue, it was recommended that the Legislature should fix the amount of the Hawaii minimum wage.

Upon further consideration, your Committee has amended the measure to implement the Attorney General's recommendation by:

- (1) Deleting language that ties Hawaii's minimum wage increases to the federal minimum wage; and
- (2) Increasing Hawaii's minimum wage to \$5.50 per hour beginning July 1, 2002, and \$6.00 per hour beginning July 1, 2003.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 166, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Rath voted no.)

SCRep. 442 Labor and Public Employment on H.B. No. 620

The purpose of this bill is to allow for the privatization of government services, including the procurement of goods and construction.

Specifically, this bill permits any state or county official in whom appropriate authority is vested by law to contract with a private entity financed by public funds, to obtain services from a private entity when there is a reasonable basis to believe that the service can be provided at a lower cost and in quality that is equivalent to or better than that which could be provided by a government agency.

In determining whether or not to privatize a government service, this bill requires the state or county official to consider whether contracting with the private entity will jeopardize the government's ability to provide the service if the private entity fails to perform, or the contract becomes unprofitable or impossible for a private entity to perform.

In addition, this bill seeks to resolve the uncertainty created by the Hawaii Supreme Court's decision in Konno v. County of Hawaii, 85 Haw. 61 (1997), regarding the government's ability to privatize government services, by specifying that nothing shall be deemed to prevent, restrict, or otherwise qualify the authority of the State or a county to enter into a contract with a private entity for the provision of services that customarily or historically may have been performed by persons or positions in the civil service, or functionally attributed to a government agency or program.

Your Committee received testimony in favor of this measure from the state Director of Finance, the Director of Health, the Department of Accounting and General Services, the Mayor of the County of Hawaii, the Corporation Counsel of the County of Maui, the City and County of Honolulu, and the Hawaii Chamber of Commerce. Testimony in opposition to the measure was received from the Hawaii Government Employees Association and United Public Workers.

Your Committee agrees that privatization, while not appropriate for all government services, may be a useful tool in limiting the size of government and increasing efficiency and cost-effectiveness in the delivery of government services, while retaining or exceeding the quality of those services by the private sector. Your Committee further finds that the Konno decision has potentially limited the ability of the State and county governments to contract out government services to the private sector.

Your Committee finds that the areas of privatization, civil service, collective bargaining, and related issues raised by the Konno decision have already been addressed in the Legislative Reference Bureau's 1997 study on privatization. That study, which your Committee finds to have been comprehensive and thorough in its review, found that in addition for the need to resolve the issues raised by Konno, there was an equally pressing need to ensure that certain criteria were met before a public agency entered into a contract with a private vendor, in order to ensure the success of that venture. The first question to be asked before contracting out a government service to the private sector is whether or not that service is in fact an appropriate candidate for privatization.

In particular, the Bureau found that other jurisdictions had adopted specific criteria, first to make an initial determination as to the appropriateness of privatizing a particular government function, and, if it was found that the service could in fact be delivered more cost effectively by the private sector at the same or better quality, a determination as to ways to ensure the long-term success of that contract. For example, the Bureau's study suggested the need to review proposed contracts with private vendors for various criteria relating to cost savings, cost comparisons, quality of services, qualifications of workers, nondiscrimination provisions, and other areas. Contracts should also be monitored to ensure compliance with certain benchmarks to retain a degree of accountability and control over the private entity, and language should be included to provide for the termination of the contract if the private entity failed to achieve those benchmarks.

For example, the Bureau noted that a 1989 performance audit of state services in Colorado conducted by the Colorado Auditor included a recommendation that a "privatization profile" be used in determining whether a particular service should or should not be privatized. Specifically, the Bureau noted on page 69 of its report: "Such a determination should involve an objective and systematic decision making review process for each service or activity at issue, which may give agencies a better overall view of the strengths and weaknesses of the proposed privatization in a standardized format.... Generally, before making the decision to privatize a government function, agencies are asked to answer a series of questions based on criteria related to privatization, rate each criteria, and then proceed to a detailed cost analysis if the profile shows that the service is a good candidate for privatization."

Your Committee finds that, far from including criteria to determine the appropriateness of a service for contracting out, the implementation of privatization as provided in this bill leaves an enormous degree of discretion to individual state and county officials, without providing sufficient safeguards to ensure that it will be carried out successfully. Rather, your Committee finds that it would be preferable to implement a process of managed competition, also known as public-private competition, to ensure the most cost-effective delivery of government services that are appropriate to be contracted out.

The managed competition process, which was developed by the committee established for this purpose by section 6 of Act 230, Session Laws of Hawaii 1998, and set forth in H.B. No. 172 (2001), allows government agencies to compete with the private sector in bidding on contracts for the delivery of government services. In particular, the managed process:

- (1) Allows state and county agencies to contract with the private sector for the provision of government services, and make government more efficient and cost-effective. The process ensures that when government decides to seek services from the private sector, it relies on accurate assessments of government's financial condition and informed and responsible cost comparisons, and makes every effort to minimize the impact of decisions on public employees;
- (2) Provides for individualized evaluations of whether government or the private sector can provide needed services more efficiently and economically. The process recognizes that line-level agencies are most familiar with both the nature of the services needed and what it takes to provide them, and allows them to determine whether public agencies or contractors should provide needed services;

(3) Requires all collective bargaining agreements entered into by public employers and the exclusive collective bargaining representatives of public employees are required to be consistent with the process for managed competition;

(4) Mandates that a single, uniform process for managed competition be established for the State and for each of the counties. The directors of finance of the State and of each county are responsible for establishing a uniform system for identifying and quantifying the costs of providing the government services in-house. They must also specify direct and indirect costs common to agencies within the State and each county, and standards of performance and other objective accountability measures for evaluating whether efficiencies and economies have been achieved; and

(5) Authorizes decentralized mechanisms to support the process which require agencies to at least annually evaluate in-house versus private alternatives for providing services, and formulate objective performance specifications and criteria for selecting a service provider, including mechanisms for management and employee collaboration; employee reorganization, training, retraining, and reassignment; and voluntary severance and other benefit programs and procedures.

Although your Committee is satisfied that a managed competition process as provided in H.B. No. 172 will provide an appropriate and effective way to increase cost-effectiveness in the delivery of government services, your Committee is nevertheless concerned about potential delays in the implementation of the single, uniform process for managed competition.

Your Committee is particularly concerned about the lack of a "hammer" or legal consequence in the bill if the state and county directors of finance, who are responsible for establishing the uniform system for identifying and quantifying the costs of providing the government services in-house, fail to implement that system within a reasonable period of time. Your Committee finds that there is a need to ensure accountability by the establishment of a timeline for implementation of the managed competition process.

Accordingly, your Committee has amended this bill by:

(1) Inserting the contents of H.B. No. 172, relating to the managed competition process, including a new chapter "A" in part II of the bill;

(2) Designating the privatization provisions of this bill as a new chapter "B" in part III of the bill;

(3) Specifying that if the notice required to be published under section A-2(d) of this bill is not complied with by December 31, 2002, then:

(a) The managed competition provisions of chapter "A" (section 2 of the bill, which takes effect upon approval) are repealed on January 1, 2003;

(b) The privatization provisions of chapter "B" (section 7 of the bill, which takes effect on January 1, 2003) are not to be repealed; and

(c) Section 6 of this bill is repealed, and section 89-19, Hawaii Revised Statutes, is reenacted in the form in which it read on the day before the approval of this bill;

(4) Specifying that if the notice required to be published under section A-2(d) of this bill is complied with by December 31, 2002, then:

(a) The managed competition provisions (chapter "A", section 2 of the bill) are not to be repealed; and

(b) The privatization provisions (chapter "B") are repealed January 2, 2003; and

(5) Making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 620, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 620, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Rath.

SCRep. 443 Public Safety and Military Affairs and Labor and Public Employment on H.B. No. 177

The purpose of this bill is to allow the governor to contract for the private sector operation of correctional facilities, and to establish criteria necessary for an acceptable contract for the privatized operation of a correctional facility.

Your Committees received testimony in support of this measure from the Chamber of Commerce of Hawaii. Your Committees received testimony in support of the intent of this measure from the Department of Public Safety. Your Committees received testimony in opposition to this measure from the Community Alliance on Prisons, the Hawaii Government Employees Association, the United Public Workers, and a concerned citizen. Your Committees received comments on this measure from the Mayor of the County of Hawaii.

Your Committees find that privatizing the state corrections function represents a significant departure from the ordinary course of business, in that it transfers not only the day-to-day operation of a correctional facility but accountability and control over that function as well. Because of the possibility of the failure of a private entity to fulfill that function, as demonstrated by the occasional failure of private prisons on the United States mainland to control inmates, your Committees find that it is necessary to ensure that proper safeguards are retained so that the privatization of the prison is successful.

Moreover, while the idea of privatizing a government function is not new in itself, the privatization of correctional facilities represents a new paradigm in Hawaii because of the scope and breadth of that project. Your Committees find that there is a need to provide flexibility in contracting with a private entity, while at the same time ensuring the long-term viability of privatization through the satisfaction of criteria for evaluation of the project and the cost of the project. Therefore, before entering into a contract with a private entity for the operation of minimum security correctional facilities, your Committees find that there is a need to ensure that the private sector can in fact achieve this objective more efficiently and cost-effectively than the public sector.

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

- (1) Adding additional language to the purpose section (section 1 of the bill) to reflect the need for additional safeguards before entering into a contract with a private entity;
- (2) Amending section 2 of the bill to add a new part to chapter 353, Hawaii Revised Statutes;
- (3) Amending the first new section added to chapter 353 (section 353-A(1)), which allows the Governor to enter into and execute contracts with private entities to operate minimum security correctional facilities in the State, by requiring the Department of Public Safety to first determine whether the operation of such a facility can be implemented by the public sector as cost-effectively as the private sector while meeting the same plans, goals, objectives, standards, measures of effectiveness, wage, salary, conditions of employment, and employee benefit programs of the State. If the new program cannot be implemented by the public sector as cost-effectively as the private sector while meeting these objectives and standards, the Director of Human Resources Development is required to determine that certain conditions are met;
- (4) Adding a new section (353-B) to specify the conditions that the Director of Human Resources Development must determine are satisfied, including criteria relating to cost savings, cost comparisons, quality of services, qualifications of workers, nondiscrimination provisions, liability, termination for breach of contract, and other areas, and requires the Director of Human Resources Development, in consultation with the Department of Public Safety, to adopt rules to implement that section; and
- (5) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 177, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 177, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Espero.

SCRep. 444 Education on H.B. No. 961

The purpose of this bill is to codify the Department of Education's School Safety Manager Program and to make an appropriation therefor.

Your Committee finds that the children of this State require a safe and secure school environment to achieve their fullest potential academically and socially. That safe environment, however, is dependent upon the availability of expertise to attend to and address a myriad of school safety responsibilities. In many of our secondary schools, the understanding of law enforcement concepts, strategies, and techniques is necessary to ensure the safety of students and staff.

This bill provides that expertise by codifying the Department of Education's School Safety Manager Program. The program employs retired police officers to assist school administrators to ensure that plans, training, and appropriate safety systems are in place to prevent or respond to school safety problems.

Your Committee received testimony, unanimously in favor of the program, from school administrators, teachers, parents, and school safety managers. Except for the mode of funding, the Superintendent of Education also supported the bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 961, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski and Garcia.

SCRep. 445 Education on H.B. No. 1048

The purpose of this bill is to allow the Board of Education (BOE) to set the salary of the State Librarian at a rate no greater than that of the Superintendent of Education.

BOE submitted testimony in support of this bill.

Your Committee finds that this bill will give BOE discretionary power over the salary of the State Librarian. This change will ensure more accountability for this important state position by allowing the salary to be adjusted based on performance.

Your Committee further finds that figures compiled by the Education Commission of the States on the respective salaries of similar positions in other states support the change to a new salary structure with a higher possible salary. The State Librarian is responsible for a statewide district, whereas most librarians are responsible for only a city or county.

Accordingly, upon further consideration, your Committee has amended this bill by allowing BOE to set the State Librarian's salary at a rate no greater than \$120,000.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1048, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 446 Education and Labor and Public Employment on H.B. No. 469

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

- (1) Requiring that school principals and vice-principals meet DOE's certification requirements and have appropriate school level experience;
- (2) Repealing the requirement that candidates must teach for at least five years before becoming a principal or vice-principal; and
- (3) Providing that DOE may waive certification and school-level experience requirements on a case-by-case basis.

The Hawaii Business Roundtable supported this bill. DOE supported this bill with proposed amendments. The Hawaii Government Employees Association opposed this bill.

Your Committees find that this bill will allow DOE to hire the most qualified candidates for principal and vice-principal positions. Added discretion will also allow DOE to address personnel shortages more expeditiously.

Upon further consideration, your Committees have amended this bill by requiring principals to have three years of appropriate school-level experience.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 469, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 469, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Kahikina, Bukoski, McDermott and Nakasone.

SCRep. 447 Education and Labor and Public Employment on H.B. No. 1669

The purpose of this bill is to provide incentives to teachers to further their education and qualifications by:

- (1) Authorizing the Hawaii Teacher Standards Board to develop, implement, and administer a monetary support system for National Board Certification candidates in the Department of Education (DOE);
- (2) Appropriating funds to the DOE to provide candidate support by reimbursing application fees, paying salary bonuses to certified teachers, subsidizing a candidate support program, and providing island airfare for neighbor island candidates to attend candidate support sessions and assessment center exercises.

The Lieutenant Governor, Hawaii Teacher Standards Board, Hawaii Business Roundtable, Hawaii State Teachers Association, University of Hawaii, Hawaii Association of Independent Schools, Hawaii Congress of Parents, Teachers and Students, and several individuals supported the bill. DOE supported the intent of this bill.

Your Committees find that the fees and investment of time required to become certified are severely prohibitive, and few teachers in Hawaii will be able to complete this process without help. Many States offer significant incentives to become National Board Certified teachers. This bill will help more teachers take on this challenge in Hawaii, and ensure that those who succeed will not be lured away to jobs elsewhere.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1669 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, McDermott, Stonebraker, Takumi and Souki.

SCRep. 448 Education and Health on H.B. No. 1678

The purpose of this bill is to:

- (1) Create a working definition of the Felix v. Cayetano plaintiff class (Felix class); and
- (2) Establish a voucher system under which parents of students in the Felix class may choose providers of services to be paid with service vouchers provided by the Department of Education (DOE).

The Auditor supported the intent of this bill. DOE, the Attorney General, and the Hawaii Disability Rights Center opposed this bill. The Department of Health (DOH) and the Department of Budget and Finance commented on this bill.

Your Committees find that DOE and DOH do not have a detailed working definition by which they can determine membership in the Felix class. This has caused major problems in accounting for Felix expenditures.

Your Committees further find that there are often less expensive providers of Felix-type services that are not utilized, resulting in significantly higher spending than is necessary. A service voucher program would allow parents to select the more inexpensive providers, resulting in significant savings for the State.

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

- (1) Deleting the provision that services provided under Felix not exceed those necessary to provide access to an appropriate education;
- (2) Deleting the provision that children initially categorized within the Felix class who no longer fall within the outlined requirements for eligibility shall be removed from the Felix class; and
- (3) Clarifying that the intent of the bill is to provide guidance in applying the definition of the Felix class, and that it does not attempt to redefine the federally mandated definition.

As affirmed by the records of votes of the members of your Committees on Education and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1678, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1678, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski, Yonamine and Stonebraker.

SCRep. 449 Education and Health on H.B. No. 98

The purpose of this bill is to establish a comprehensive school health program (program) to be run jointly by the Department of Education (DOE) and the Department of Health (DOH). This bill also requires a planning committee (committee) to create and report on a phased implementation plan for the program.

DOE and DOH testified in support of the intent of this bill.

Your Committees find that a comprehensive school health program is essential to ensuring the healthy development of students. Not all students or students' parents have health insurance. Children that lack access to health care are at risk to develop more serious health problems that would often have been prevented through regular care. Linking DOE and DOH to provide a program of health services is necessary to ensure that all children have some access to health care.

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

- (1) Requiring the program to be developed in conjunction with DOE's comprehensive school support system;
- (2) Requiring one individual comprehensive school health project (project) in each of the 36 DOE school complexes;
- (3) Restricting the projects from promoting abortions or abortion services;
- (4) Adding representation from mental health, medical, and dental providers, community health centers, the American Pediatric Society, and the Parent-teacher Association to the committee; and
- (5) Appropriating \$1 to be allocated in unspecified amounts for a project at one school in each DOE school complex.

As affirmed by the records of votes of the members of your Committees on Education and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 98, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 98, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski, Yonamine and Stonebraker.

SCRep. 450 Education and Health on H.B. No. 490

The purpose of this bill is to ensure that every blind or visually-impaired child is instructed in Braille if deemed appropriate for the individual through the individualized education program (IEP) process. It also provides for:

- (1) Instructional materials in braille; and
- (2) Certified teachers for the blind and visually impaired.

The Disability and Communication Access Board, the National Federation of the Blind, and several individuals testified in support of the bill. The Department of Education opposed the bill.

Your Committees find that the utilization of braille for the blind or visually impaired can greatly improve the quality of life of such individuals. Your Committees believe that every child has the right to be trained in whatever form of reading and writing is

most appropriate. This bill creates a proper statutory structure to support Braille instruction when it is determined to be the appropriate form of written communication for an individual.

Your Committees further find that it was not the intention of this bill to mandate instruction in Braille for all blind or visually impaired individuals. It was also not the intention of this bill to infringe upon the discretionary authority of the IEP process.

Upon further consideration, your Committees have amended this bill by making technical, nonsubstantive amendments to clarify its intent.

As affirmed by the records of votes of the members of your Committees on Education and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 490, as amended herein, recommend that it pass Second Reading and be referred to the Committee on Finance, in the form attached hereto as H.B. No. 490, H.D. 1.

Signed by all members of the Committee except Representatives Garcia, Bukoski, Yonamine and Stonebraker.

SCRep. 451 Education and Human Services and Housing on H.B. No. 96

The purpose of this bill is to establish the Office of Early Childhood Education within the Department of Human Services (DHS) that shall be responsible for developing a plan to establish a system of universal access to early childhood education for three- and four-year-olds.

The Department of Education, Chaminade University, and an individual supported this bill. The Good Beginnings Alliance and an individual supported the intent of this bill. DHS opposed this bill.

Your Committees find that early childhood education is critical, and has been shown to have significant positive effects on the development of children. During these years, children are going through an amazing period of physical, mental, and emotional growth. It is absolutely essential that children's minds be nurtured throughout this time in their lives. It is in the State's interest to ensure that all children have access to early childhood education.

Your Committees have amended this bill by:

- (1) Deleting the provision for an Office of Early Childhood Education placed administratively within DHS;
- (2) Placing the planning function for early childhood education within the office of the Lieutenant Governor;
- (3) Requiring the Lieutenant Governor to develop a plan for universal access to early childhood education called PrePlus Hawaii;
- (4) Allowing the Lieutenant Governor to contract with nonprofit agencies to achieve the purposes of this bill;
- (5) Requiring the Lieutenant Governor to submit the plan for early childhood education to the Legislature prior to the 2002 Legislative Session;
- (6) Appropriating \$1 for the development of the strategic plan for PrePlus Hawaii to be expended by the Lieutenant Governor; and
- (7) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 96, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 96, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Schatz, Halford and Yonamine.

SCRep. 452 Education and Human Services and Housing and Health on H.B. No. 97

The purpose of this bill is to provide early childhood screenings in psychological and physiological development for children who reach the age of three.

Chaminade University and several individuals testified in support of this bill. The Department of Health (DOH), the Department of Education, and Good Beginnings Alliance supported the intent of this bill.

Your Committees find that early childhood screenings provide a means by which many developmental disorders or delays and psychosocial problems can be detected and subsequently treated. Early intervention into these types of problems can greatly increase a child's chance of overcoming them. Early detection and intervention can also mean a significant amount of monetary savings to the family of a child with developmental or psychosocial problems, as well as to the public who often ends up subsidizing these problems as they are allowed to develop and worsen later in life.

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

- (1) Specifying that DOH shall be the lead agency in the administration of the screening and certification process for early childhood screenings; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 97, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 97, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Schatz, Halford, and Yonamine.

SCRep. 453 Water and Land Use on H.B. No. 532

The purpose of this bill is to enable the State of Hawaii Bureau of Conveyances to:

- (1) Prevent the filing of frivolous financing statements by rejecting documents which are not authorized by the debtors.
- (2) Allow the Bureau of Conveyances to more readily distinguish between legitimate financing statements and those that are frivolous and not authorized by the debtors, when they are presented to the bureau.

This measure will effectively prevent frivolous financing statements among the thousands that are presented annually to the people at the counter of the bureau.

The State Attorney General and the Department of Land and Natural Resources submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 532, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 532, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz, Bukoski and Meyer.

SCRep. 454 Water and Land Use on H.B. No. 1164

The purpose of this bill is to prohibit the intentional introduction of any live alien aquatic organism into the state without the prior written approval of the Department of Land and Natural Resources.

The testimony in support of this measure was received by Department of Land and Natural Resources. Matson Navigation opposed this measure because of ship ballast discharges and recommended that a task force be established to study the problem.

Your Committee has amended this measure by clarifying that normal ship ballast water discharges and/or hull encrustations are unintentional introductions.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1164, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 455 Water and Land Use and Agriculture on H.B. No. 503

The purposes of this bill are to lessen the severity of the impact that certain aspects of the state leasehold system have upon small farmers.

Specifically, this bill:

- (1) Grants an agricultural lessee on state lands, the right of first preference to continue the lease at the time of expiration;
- (2) Provides the current lessee a credit for certain infrastructure improvements which shall be applied toward the price the current lessee must match in exercising the lessee's right of first preference; and
- (3) Upon expiration of a lessee's one-year extension allow the board to enter into an agricultural lease of not fewer than fifteen years but not more than fifty-five years with any person.

Testimony in opposition to this measure was received from the Department of Land and Natural Resources, the Hawaii Forest Industry Association and two private citizens. The Hawaii Farm Bureau Federation and a farmer from the Big Island voiced support of the measure.

While acknowledging the conditions under which a farmer initially assumed a state lease, including its auction upon expiration, your Committees believe that it may be appropriate and in the State's best interest, under certain conditions, to allow the Departments of Agriculture and Land and Natural Resources to negotiate lease renewals.

Accordingly, your Committees, following much deliberation and discussion, have amended this bill by:

- (1) Permitting an agricultural lessee to petition the Board of Land and Natural Resources or the Department of Agriculture, as the case may be, to renew the lease;
- (2) Allowing the board or the department to renew the lease upon consideration of the following:
 - (a) Clear evidence that the leased land is and has been well utilized by the lessee for agricultural purposes;
 - (b) Sales or tax documents indicate that agricultural production is such that the agricultural operation is and has been viable;
 - (c) Infrastructure and other improvements on the land confirm that the agricultural operation is, has been, and in all likelihood will continue to be viable and the failure to renew the lease would result in a substantial loss of time, effort, and capital to the lessee to construct similar infrastructure improvements to achieve equivalent agricultural production results; and
 - (d) The availability of other agricultural land in proximity to the leased land, which would satisfy the needs of interested persons who may otherwise bid on the leased land.
- (3) Requiring public notice upon the board's or department's intent to renegotiate a lease renewal;
- (4) Limiting the extension of such negotiated lease renewals to not more than ten-year periods; and
- (5) Subjecting the negotiated renewal to legislative disapproval.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 503, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 503, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz, Meyer, Case and Takumi.

SCRep. 456 Energy and Environmental Protection on H.B. No. 1272

The purpose of this bill is to encourage consumer acceptance of any vehicle that exclusively uses an alternate fuel as defined in the National Energy Policy Act (EPACT) by:

- (1) Adopting rules to register the vehicle and to create special license plates to designate the vehicle;
- (2) Exempting the vehicle from high occupancy vehicle restrictions or other similar control measures; and
- (3) Waiving vehicle registration and special license plate fees, and other fees, for five years, subject to the continuation of the incentive program by the Department of Transportation.

The Gas Company and GEM of Hawaii testified in support of the bill. The Department of Transportation and Department of Business, Economic Development, and Tourism testified in support of the intent of the bill. The Electric Vehicle Association of Hawaii testified in opposition of the bill.

Your Committee has amended this measure by:

- (1) Focusing the intent of the bill on increasing the acceptance and consumption of alternative fuels in the State; and
- (2) Using terms and definitions in EPACT for purposes of consistency and clarity in limiting the incentives to dedicated alternative fueled vehicles.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1272, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1272, H.D. 2.

Signed by all members of the Committee except Representative Ito.

SCRep. 457 Energy and Environmental Protection on H.B. No. 1344

The purpose of this bill is to encourage the purchase and use of electric vehicles by extending the incentive program, including use of the high occupancy vehicle traffic lane, and the waiver of certain fees, from its original five years to ten years.

The Hawaii Electric Vehicle Demonstration Project, Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company, and the Electric Vehicle Association of Hawaii testified in support of the bill. The Environmental Center of the University of Hawaii testified in support of the intent of the bill.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1344, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1344, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 458 Energy and Environmental Protection on H.B. No. 63

The purpose of this bill is to require certain energy efficiency features in new residential buildings built after July 1, 2002.

The Department of Business, Economic Development, and Tourism submitted testimony in support of this measure, and suggested amendments. Testimony in support was also received from Hawaii's Thousand Friends and Sierra Club. The Gentry Companies, Land Use Research Foundation of Hawaii, and the Building Industry Association submitted testimony in opposition.

Your Committee finds that county building codes and voluntary building industry measures have not led to the incorporation of energy efficiency features in residential buildings. Your Committee further finds that too much emphasis has been placed on the initial affordability of homes, rather than on life cycle costs, resulting in consumers facing higher monthly expenses because homes are not designed for energy efficiency.

Your Committee has amended this bill by incorporating the following changes proposed by the Department of Business, Economic Development, and Tourism:

- (1) Replacing implementation of the entire Model Energy Code for residences with requirements for roof insulation and ceiling fan wiring only.
- (2) Clarifying language to include only residential buildings built after July 1, 2002.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 63, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 63, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Ito.

SCRep. 459 Energy and Environmental Protection on H.B. No. 739

The purpose of this measure is to create statutory language pertaining to electric cooperatives.

The Department of Commerce and Consumer Affairs and one individual supported the intent of this measure. The Public Utilities Commission (PUC) opposed it. Life of the Land offered comments.

Your committee finds that many electric cooperatives on the mainland are unregulated because the service is provided to the member, who is also the ratepayer/shareholder, at cost. Cost savings or profits accrued usually result in lower rates or dividends paid to the member. The bill as initially written allowed electric cooperatives to "opt out" of Public Utility Commission regulation by a vote of the membership. Given the State's lack of experience in dealing with the electric cooperative model your Committee finds it is not prudent to preclude PUC oversight at this time.

Therefore, your Committee has amended the bill by deleting its contents except for the definition of electric cooperative and the provision that such cooperative shall be regulated by the Public Utilities Commission.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 739, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 739, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Ito.

SCRep. 460 Energy and Environmental Protection on H.B. No. 173

The purpose of this bill is to require qualified electric utilities to implement renewables portfolio standards.

Generally, renewables portfolio standards require qualified electric utilities to possess a minimum percentage of renewable energy resources within their overall resource portfolio. In addition, this bill provides for the issuance of renewable energy credits to renewable energy generators, and establishes separate renewables portfolio standards for solar electric production. This bill also requires the public utilities commission to impose penalties, and allows persons to commence civil actions, for violations.

Your Committee received testimony in favor of this measure from the Department of Business, Economic Development, and Tourism; the Public Utilities Commission (supports encouragement of renewable energy, but with amendments); the Consumer Advocate; Hawaii Renewable Energy Alliance; Sierra Club, Hawaii Chapter and Maui Group; the Hydrogen Renewable Energy Enterprise, LLC; Ka Makani o Kohala Ohana, Inc.; and four individuals. Testimony in opposition to the measure was received from Hawaiian Electric Company, Inc. Comments on the bill were received from Goodsill Anderson Quinn and Stifel on behalf of Ogden Energy Group, Inc. (operator of HPOWER); Kauai Electric; and Life of the Land.

Your Committee agrees with the intent of this bill, and finds that because the benefit of electricity from renewable energy resources accrues to the public at large, consumers and electric utilities share an obligation to develop a minimum level of these resources in the State's electric supply portfolio. Your Committee finds that this bill will help to establish a market for renewable energy in Hawaii using the State's significant renewable energy resources, and will lower the cost of renewable energy to consumers.

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

- (1) Amending the definition of "qualified electric utility company" (in section 2 of the bill) to include all subsidiaries of a distributor. Your Committee finds that this amendment will provide assistance to those utilities that may have difficulty in siting cost-effective renewable resources or otherwise meeting the requirements of this bill;
- (2) Adding target percentages for both the renewables portfolio standards (in section 3) and the solar renewables portfolio standards (in section 6), and deleting the blank percentages for periods after January 1, 2010. Your Committee finds that it is preferable to establish numerical targets for periods after that date at some point in the future, when more information is available on future technology;
- (3) Deleting all of section 11, regarding the commencement of civil suits, and the second sentence of section 10, regarding the penalty to be imposed by the Public Utilities Commission for violations of the bill. While your Committee seeks to ensure compliance with the provisions of the bill, your Committee finds that the section allowing for civil suits is vague and ambiguously worded, and that it is preferable to allow for greater flexibility by the Commission in setting administrative penalties; and
- (4) Making technical, nonsubstantive amendments.

In addition, your Committee finds that the issue of energy offsets may be appropriate for inclusion in part I of this bill relating to renewables portfolio standards. Energy offsets include such renewable technologies as solar hot water, solar air conditioning, and cold water air conditioning, that provide usable direct use energy which offsets a portion of the electricity that the qualified electric utility company would otherwise need to generate.

Your Committee finds that since there are a number of renewable technologies that can be used to conserve or avoid electricity use, it may be appropriate to include these technologies as energy offsets based on the amount of electricity avoided. In addition, implementation steps may include support on utility demand-side management programs and removal of market entry barriers to energy service providers. It is the intent of your Committee that the issue of energy offsets be deliberated by the second referral committees of this bill, namely, the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Your Committee defers to the subsequent committees to consider Ogden Energy Group's recommended language to include "waste-to-energy" in the definition of renewable energy.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 173, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Ito.

SCRep. 461 Consumer Protection and Commerce on H.B. No. 1274

The purpose of this bill is to maintain a balance between the number of qualified pilots and the need for their services.

Your Committee finds that the present licensing system for pilots is inefficient, and that pilots have been tested and licensed when there were no available positions. For the past twenty years, the need for harbor pilots has remained static with a personnel count of nine pilots.

This bill returns the licensing practice for pilots to the previous procedure, by which pilots are tested and licensed by the Department of Commerce and Consumer Affairs only on the basis of need, rather than the open testing and licensing Which was recently adopted.

Testimonies in support of this measure were received from the Department of Commerce and Consumer Affairs, the Hawaii Pilots Association, Fairway Navigation, Inc., the President of which is a licensed pilot, and two other active licensed pilots.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1274, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 462 Consumer Protection and Commerce on H.B. No. 549

The purpose of this bill is to:

- (1) Clarify that businesses in enterprise zones that produce electric power from wind energy for sale primarily to a public utility company for resale to the public are exempt from the general excise tax;

- (2) Correct the terminology of "assisted" technology equipment to "assistive" technology equipment; and
- (3) Eliminate the enterprise zone use tax exemption for all qualifying enterprise zone businesses.

Your Committee agrees with the intent of this bill, and recognizes that the use tax exemption has the potential to encourage participating businesses to purchase supplies and equipment outside of Hawaii, rather than from local vendors.

The County of Kauai and the Department of Taxation testified in support of this measure. Apollo Energy Corporation and Hawaii Renewable Energy Alliance also testified in support of the bill, with an amendment to retain the use tax exemption for qualified businesses. Hawaiian Electric Company, and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company, testified in support of the intent of this measure, and along with Hawaii Renewable Alliance, suggested an amendment to clarify that the use tax exemption apply to electricity derived from all renewable resources, and not only from wind energy.

Your Committee 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 members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 549, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 549, H.D. 1.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 463 Consumer Protection and Commerce on H.B. No. 954

The purpose of this bill is to clarify the regulatory review and approval process (automatic permit by approval) under section 91-13.5, Hawaii Revised Statutes (HRS) by among other things:

- (1) Extending to December 31, 2003, the deadline in which affected agencies must adopt rules, subject to section 91-13.5, HRS;
- (2) Specifying that failure by agencies to meet the rule-making deadline will result in a one-year statutory maximum time period for the agency;
- (3) Redefining "business or development-related permit, license, or approval" to mean any state or county application, petition, permit, license, certificate or any other form of a request for approval required by specified sections and chapters of the HRS;
- (4) Setting forth requirements for agencies that administer state permit programs delegated, authorized, or approved under federal law; and
- (5) Requiring the Attorney General to:
 - (a) Develop and propose model rules for state and county agencies to implement section 91-13.5, HRS;
 - (b) Make the model rules available to the agencies; and
 - (c) Assist agencies in finding solutions to problems involved in implementing section 91-13.5, HRS.

The Sierra Club supports the bill as a means to address problems created with automatic approval. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, the Estate of James Campbell, and the County of Hawaii offered comments on the bill. The Land Use Research Foundation of Hawaii submitted testimony with concerns on the bill. Hawaiian Electric Company, Inc. and its subsidiary utilities submitted testimony in opposition to the bill. The Public Utilities Commission submitted testimony requesting to be exempted from the provisions of the automatic permit approval law.

Your Committee finds that the automatic approval law, section 91-13.5, will support the effort to make the regulatory process more efficient. The automatic approval law requires agencies to adopt rules specifying a maximum time period to grant or deny a business or development-related permit. Failure to act within the time period results in automatic approval of the permit.

Your Committee has amended this bill by changing the effective date of the bill to January 1, 2050.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 954, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 441 H.D. 2.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 464 Consumer Protection and Commerce on H.B. No. 441

The purpose of this bill is to clarify and strengthen the liquor laws of the State for the benefit of applicants and other participants in the proceeding before the county liquor commission.

Testimony in support of this bill was received from the Waikiki Citizen's Patrol and several interested citizens. The City and County of Honolulu Liquor Commission and the Ala Moana/ Kakaako Neighborhood Board submitted comments on this bill.

Testimony in opposition to this bill was received from the Departments of Liquor Control for the Counties of Hawaii, Kauai, and Maui.

Your Committee finds that government proceedings work best when all parties have an understanding of the procedures and requirements. The clarifications made by this Act will provide for more certainty on the liquor license application process and will reduce delays and costs associated with the processing of liquor license applications. The changes in this Act will serve to include the effects of noise, traffic, parking and other potential adverse impacts on a neighborhood in an application to the Liquor Commission.

Your Committee further finds that this bill will require the Liquor Commission, upon written request, to supply a copy of the Liquor Commission's report to any registered voter, owner or lessee of record of real estate, and owners of record of shares in a cooperative apartment, residing within five hundred feet of the premises. This bill gives an applicant or a protester the right to challenge findings contained in the Liquor Commission's Report.

Your Committee has amended this bill by deleting the proposed amendment requiring that:

- (1) The applicant for a liquor license shall include both a master list of one hundred percent of addressees and addresses of:
 - (a) Owners and lessees of real estate within one hundred feet; and
 - (b) In counties with a population of one hundred-fifty thousand or more, not less than two-thirds of the registered voters residing within, and small business situated within, a distance of five hundred feet.
- (2) The Liquor Commission refuse any application in an area described in section 281-39.5(a) if at least forty percent of the registered voters or forty percent of the owners and lessees of record or real estate or shares in a cooperative apartment protest.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 441, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 465 Consumer Protection and Commerce on H.B. No. 697

The purpose of this bill is to repeal chapter 206P, Hawaii Revised Statutes, (HRS), titled as the Hawaii Telecommunications and Information Act.

Chapter 206P established the Hawaii Information Network Corporation, (Hawaii Inc.), to encourage the development of the information industry. Your Committee finds that since July of 1995, Hawaii Inc. was officially closed because of lack of funding, and that there are no plans to resurrect or fund Hawaii Inc. The administrative rules relating to chapter 206P were eliminated by Act 283, Session Laws of Hawaii 2000.

This bill repeals Chapter 697P. It should be noted that this bill is consistent with the administration's objective to Slice Waste and Tape Project, (SWAT), since it will remove an outdated law from HRS.

Testimony in support of this measure was received from the Office of the Lieutenant Governor.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 697 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case, Kanoho, Yoshinaga, Marumoto and Meyer.

SCRep. 466 Consumer Protection and Commerce on H.B. No. 1268

The purpose of this bill is to increase the ages at which rental and u-drive motor vehicles must undergo biannual vehicle safety inspections.

Under the present law, rental and u-drive vehicles one year of age or older must be safety inspected every six (6) months.

This bill proposes to extend the period for which biannual inspections of rental and u-drive vehicles are required from one year of age or older to two years of age or older.

Citations by interested entities differed as to the desirability of increasing the ages of these vehicles before being required to be inspected every six months.

Catralla-Hawaii, which represents Hawaii's major u-drive and vehicle-leasing companies, testified that rental and u-drive vehicles are inspected by their companies after every rental, and that any problems are immediately corrected. Catralla-Hawaii also testified that most vehicles are replaced with new vehicles when they are about two years old.

The Department of Transportation testified in opposition to this bill, since it would give rental and u-drive vehicles an advantage over other vehicles which are used in business and require safety checks every six months, i.e. trucks, buses, and taxicabs. The police department opposed the measure on the bases that rental and u-drive vehicles are more of a maintenance risk, receive more use than

privately-owned vehicles, do not receive the same care as drivers give to their own vehicles, and all companies may not be conscientious about maintaining their vehicles.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1268 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 467 Consumer Protection and Commerce on H.B. No. 118

The purpose of this bill is to make amendments to the family child care home law including:

- (1) Setting a \$1,000,000 liability insurance policy limit per provider;
- (2) Extending the law to include renters;
- (3) Limiting the number of family child care homes to three percent of the units in planned developments; and
- (4) Deleting the repeal date.

Testimony in support of this bill was received from the Good Beginnings Alliance and several concerned citizens. Testimony in support of the intent of the bill was received from the Department of Human Services and People Attentive to Children. The Disability and Communication Access Board submitted comments on the bill and supported the amendments regarding the Americans with Disabilities Act. The Communications Association Institute submitted testimony with concerns regarding the bill. The Hawaii Council of Associations of Apartment Owners submitted testimony with comments on the bill and requested a deferral of action on the bill.

Your Committee recognizes that condominium and townhouse community owners are concerned about the implications of this measure, which allows renters to operate child care facilities. Further, there is concern that the owners of planned communities, condominiums, and townhouse communities will be held liable for claims even if the child care provider is insured.

In addition, your Committee recognizes child care provider concerns that there will be an increased number of unlicensed providers doing business illegally due to restrictions and costs imposed. Moreover, licensed child care providers who choose to abide by the law may be compelled to close their businesses due to restrictions placed upon them by community associations.

Your Committee has amended this bill by:

- (1) Requiring that the operator of the family child-care home pay for modifications required for children or parents with a physical disability;
- (2) Deleting proposed amendment regarding any conditions or limitations necessary for health or safety reasons and not intended to stifle the provision of family child care services;
- (3) Deleting the proposed amendment requiring that the association of a townhouse project be indemnified of any claims and actions arising from the operation of the family child care home; and
- (4) Changing the effective date of the bill to June 29, 2001.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 118, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 118, H.D. 2.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 468 Consumer Protection and Commerce on H.B. No. 1386

The purpose of this bill is to require the Public Utilities Commission (PUC) to adopt uniform interconnection standards and practices to create a streamlined procedure for interconnection that maintains the safety and reliability of the electric grid.

The Energy Coordinators of the County of Hawaii and the County of Kauai, Apollo Energy Corporation, and Hawaii Renewable Energy Alliance testified in support of the bill. The Consumer Advocate supported the intent of the bill and recommended that a House Resolution may be more appropriate to achieve the desired goals of this bill. The Gas Company also supported the intent of the bill but asked that the standards include recommendations based on the Institute for Electrical and Electronics Engineers' standards, which should be finalized by the end of the year. The Public Utilities Commission raised concerns regarding its six-month deadline to develop these standards and practices. Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company, asked that the measure be held.

Your Committee recognizes that the PUC must be provided adequate time in which to adopt and implement uniform interconnection standards and practices. To allow sufficient time for the PUC to complete its work, your Committee has amended this bill by removing the strict deadline requirements that the PUC shall:

- (1) Submit its recommended uniform interconnection standards and practices to the legislature no later than twenty days prior to the regular session of 2002, together with any legislation necessary to finalize and adopt the standards and practices by rule; and
- (2) Submit uniform interconnection standards and practices rules developed pursuant to this Act and in accordance with chapter 91, HRS, to the governor for approval by January 1, 2003, following the regular session of 2002.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1386, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1386, H.D. 2.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 469 Consumer Protection and Commerce on H.B. No. 1243

The purpose of this measure is to amend the captive insurance laws by allowing one or more sponsors to form a leased capital facility to only ensure the risks of its participants and no one else.

Specifically, this measure requires the risks of the participants to be insured through participant contracts that segregate each participant or related participant's liabilities through one or more protected cells. In other words, this measure requires that within each protected cell, the leased capital facility must only insure the risks of the participant or participants within the protected cell. This bill further specifies that participants within a protected cell must be partners, joint venturers, or entities within the same corporate family.

Furthermore, this measure installs various safeguards to protect the public interest, including public filing of business plans, contracts, and financial reports, the Insurance Commissioner's prior written approval for participant contracts, the Commissioner's approval for transfers of assets or liabilities from a protected cell to a sponsor or participant, separate accounting for each protected cell within a leased capital facility, the establishment of adequate reserves, notification to the Commissioner of a protected cell's insolvency or financial impairment, and disclosures from the leased capital facility to the protected cell.

Your Committee finds that this measure will provide existing and prospective captive organizers in Hawaii with another innovative yet prudent approach to financing their domestic and international risks. Specifically, this measure will primarily benefit smaller insureds who want to participate in the benefits of a captive but do not have the resources to operate a captive exclusively for themselves. The segregation of assets and liabilities in a captive, known as protected cell captives, are currently allowed in jurisdictions that are Hawaii's major competitors for the captive insurance business. Thus, this measure will enable Hawaii to keep abreast of industry developments and remain competitive in the business.

Testimony in favor of this measure was received from the Insurance Division and several private entities representing or serving captive insurers. No testimony was received in opposition to this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments to the amended definition of "leased capital facility" for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1243, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Souki and Yoshinaga.

SCRep. 470 Agriculture on H.B. No. 869

The purpose of this bill is to:

- (1) Amend the definition of "qualified farmer" under the agricultural loans law; and
- (2) Repeal the residence requirement for partnerships and corporations with regard to agricultural loan eligibility.

The Department of Agriculture submitted comments in support of this bill.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 869 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 471 Agriculture on H.B. No. 212

The purpose of this bill is to appropriate funds to implement the agricultural water use and development plan.

The Commission on Water Resource Management of the Department of Land and Natural Resources, Hawaii Agriculture Research Center, Del Monte Fresh Produce (Hawaii), Inc., Maui Pineapple Company, Hawaii Farm Bureau, and the Maui Farm Bureau testified in support of this measure. The Big Island Farm Bureau and the Department of Agriculture submitted comments in support of this measure.

Your Committee fully recognizes the importance of agriculture to the people and economy of the State. Your Committee further recognizes that the availability and delivery of water is critical to the continued growth and expansion of this industry. Therefore, the State must provide the direction needed to preserve this invaluable agricultural resource.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$150,000 for fiscal year 2001-2002 and adding the appropriation amount of \$150,000 for fiscal year 2002-2003;
- (2) Removing the individual \$1 amounts for the implementation of the agricultural water use and development plan; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 212, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 212, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Halford.

SCRep. 472 Agriculture on H.B. No. 213

The purpose of this bill is to:

- (1) Extend the term of the board of directors of the Agribusiness Development Corporation (ADC) from July 1, 2001, to July 1, 2005; and
- (2) Appropriate funds to continue redeveloping Hawaii's agricultural industry.

The Hawaii Farm Bureau, Kauai County Farm Bureau, Big Island Farm Bureau, Maui County Farm Bureau, and Hawaii Agriculture Research Center testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation from \$1 to \$150,000 for fiscal year 2001-2002 and 2002-2003; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee recognizes the significant leadership ADC provides in redeveloping the State's agriculture industry. Therefore, the State must allow the board to continue to exist, and give it sufficient time and resources to carry out its mission.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 213, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 213, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Halford.

SCRep. 473 Agriculture on H.B. No. 861

The purpose of this bill is to ensure the provision of essential infrastructure needed to sustain diversified agriculture on Kauai by appropriating funds to the Agribusiness Development Corporation (ADC) for a one-year period.

Testimony in support of this measure was presented by ADC, Gay & Robinson, Inc., Pioneer Hi-Bred Seed Co., Syngenta Seeds, Inc., the Kauai County Farm Bureau, the West Kauai Agri-Products, Inc., the Saiva Siddhanta Church, and one individual. The County of Kauai Office of Economic Development and the East Kauai Water Users' Cooperative offered comments.

Your Committee has amended this bill by:

- (1) Increasing the appropriation from \$300,000 to \$540,000; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

Your Committee requests ADC to justify the need for the \$540,000 to the Committee on Finance, including a breakdown of the funds.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 861, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 861, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Chang, Halford and Whalen.

SCRep. 474 Agriculture on H.B. No. 872

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Science and Technology International (STI) in planning and building a freeze dried processing plant in Eleele, Kauai.

STI testified in support of this bill.

Your Committee finds that to develop additional markets for Hawaii-grown coffee, the industry must add new products such as freeze dried coffee.

Your Committee has amended this bill by removing Eleele, Kauai, as the site of the planned freeze dried processing plant.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 872, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 872, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Halford.

SCRep. 475 Agriculture on H.B. No. 1089

The purpose of this bill is to allow the deposit of any unexpended or unencumbered funds at the close of fiscal year 2000-2001 that was appropriated under Act 206, Session Laws of Hawaii 2000, into the Hawaii Agricultural Development Revolving Fund. (Fund)

The Hawaii Agriculture Research Center, Agriculture Development Corporation (ADC), Pioneer Hi-Bred International, Inc., Hamakua County Farm Bureau, and a concerned citizen testified in support of this bill.

Your Committee finds that this bill will allow ADC to continue its efforts to develop a subdivision in Hamakua, Hawaii, without having to request a new appropriation or extension.

Your Committee has amended this bill by:

- (1) Deleting the provision for the deposit of unexpended or unencumbered funds into the Fund and extending the lapsing date from June 30, 2001 to June 30, 2003; and
- (2) Providing for the appropriation of \$150,000 from the Fund to ADC; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1089, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Whalen.

SCRep. 476 Agriculture on H.B. No. 1253

The purpose of this bill is to appropriate funds for the Big Island papaya industry to develop new markets, as well as to expand existing markets on the mainland and in foreign countries.

The Representative of the 4th House District, Hawaii Farm Bureau Federation, Hawaii Papaya Industry Association, Big Island Papaya Growers Association, and W. & C. Julian Farms testified in support of this measure. The Department of Agriculture submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount from \$200,000 to \$35,000 for fiscal year 2001-2002, to be matched by the industry on a one-to-one basis; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1253, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1253, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Whalen.

SCRep. 477 Agriculture and Public Safety and Military Affairs on H.B. No. 57

The purpose of this bill is to make permanent Act 305, Session Laws of Hawaii 1999 (Act 305), which allows privately-funded industrial hemp research to be conducted in the State when the Department of Public Safety issues a controlled substance registration and the United States Department of Justice, Drug Enforcement Administration, issues a federally-controlled substance registration for research on the agronomic potential of industrial hemp.

ILWU Local 142, Maui Pineapple Company, Ltd., Resource Conservation Alliance, Dr. Bonner's Magic Soaps, Atlas Corporation, and several individuals testified in support of the measure. The Honolulu Police Department testified in opposition to the measure.

Your Committees note that according to the Hawaii Industrial Hemp Research Project's quarterly report dated October 7, 2000, "The mandate of Act 305, to investigate the potential of industrial hemp as an alternative crop in Hawaii, has been fulfilled." If this statement is accurate, your Committees question the need to make Act 305 permanent. In addition, it is also your Committees' understanding from testimony presented in discussion that at least four or five more years will be needed to complete the study on industrial hemp. Given these conflicting statements, it is the intent of your Committees to address these statements, and in the meantime, enable the facilitation of this bill to the House Committee on Judiciary and Hawaiian Affairs.

Your Committees have amended this bill by:

- (1) Extending the time in which privately-funded industrial hemp research can be conducted in Hawaii; and
- (2) Changing the purpose of the bill to reflect this amendment.

As affirmed by the records of votes of the members of your Committees on Agriculture and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 57, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 57, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Suzuki, Takumi, Saiki and Rath.

SCRep. 478 Economic Development and Business Concerns on H.B. No. 719

The purpose of this bill is to clarify the tax benefits of high technology businesses.

The Department of Taxation, Office of the Governor, High Technology Corporation, Hawaii Technology Trade Association, and a concerned citizen testified in support of this bill. The Tax Foundation of Hawaii submitted comments on this bill.

Your Committee finds that this bill will lure and nurture high technology businesses by providing tax incentives and recognizing that Hawaii is part of the global economy and must compete against other locations for business activity and economic growth.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 719 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 479 Economic Development and Business Concerns on H.B. No. 432

The purpose of this bill is to continue to train existing and new workers in new and emerging technology industries under the Millennium Workforce Development Program.

The Department of Labor and Industrial Relations, and the Healthcare Association of Hawaii testified in support of this bill. The Department of Business, Economic Development, and Tourism (DBEDT) supported the intent of this bill.

Your Committee finds that this bill would stimulate Hawaii's economy by creating new employment opportunities, attracting new technology businesses to Hawaii, and enhancing existing businesses. These emerging industries are among the preferred industries because they are clean and provide good paying jobs.

Your Committee has amended this bill by:

- (1) Designating DBEDT as the expending agency; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 432, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 432, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 480 Economic Development and Business Concerns on H.B. No. 459

The purpose of this bill is to establish an annual general excise tax holiday for a period not to exceed three days each year. Under the tax holiday, sales of clothing and footwear under \$100 would be exempt from the normal retail or general excise tax of four percent. Because the tax is imposed on the seller rather than the buyer, the only requirement is that the tax savings be passed on to the consumer.

Retail Merchants of Hawaii and the National Federation of Independent Business testified in support of this bill. The Department of Taxation and the Department of Budget and Finance opposed this bill. The Tax Foundation of Hawaii commented on this bill.

Your Committee finds that a tax holiday will stimulate retail sales and provide a boost to our economy.

Your Committee has amended this bill by removing the provision that no special reporting procedures are necessary to report exempt sales during the exemption holiday period.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 459, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 459, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Case voted no.)

SCRep. 481 Economic Development and Business Concerns on H.B. No. 502

The purpose of this bill is to grant an exemption from the general excise tax (GET) for the transfer of payroll moneys associated with worker benefits between employers and organizations defined as professional employment organization.

JMP Services, Altres, Inc., Environmental Biotech of Hawaii, Leeward Petroleum, Inc., A-Cut Above Roofing, GMB Vinyl, Inc., JS Services, Inc., ProService Hawaii, Inn at Schofield Barracks, Kama'aina Metals, C. Tomita Painting And Wallcovering, Singer Sewing Center, Discount Fabric Warehouse, McClain Auctions, Plastow And Associates, Matsu & Clapperton, Law Office of Mark T. Shklov, Closet Systems of Hawaii, Action Rehab, Allstate, Equipment Team Hawaii, R.D. Bridges Renovations, Spectrum Engineering Hawaii, High Class, Island Pool & Spa Supply, Honolulu Landscape Maintenance, Abe' Auto Recyclers, Inc., Squeaky Clean, Can Clean Hawaii, Furukawa Custom Builders, Sail & Surf Hawaii, Austin Island Maintenance, Royal Food Brokers, Four Star Mortgage, Maika'i Loa Remodeling, Cafe 808, Nature Adventures & Outfitters, Travel Hawaii, Kilakila Employment Services, Hawaiian Parcel Service, Clean-N-Rooter, Waiakapu Corporation, Hawaii Health Foundation, Pitzer Built Construction, LLC, Lokelani Construction, Inc., Niho Mano, MacMurray Construction, Inc., Akamai Employment Agency, Hawaiian Repair and Remodeling, Inc., the Willows, Scientific Consultant Services, Inc., Vuich Environmental Consultants, AmeriSpec Home Inspection Service, Maui School of Therapeutic Massage, Pacific Medical Administrative Group, Leeward Petroleum, Inc., Courier Corporation of Hawaii, Hinchcliff Janitorial Service, Carats & Karats, Yamamoto & Associates, Molly's Smokehouse, Ridge Way Motors, Pacific Appraisal Services, Inc., Interior Designs, Geo Metrician, Security One, Inc., and numerous individuals testified in support of this measure.

The Department of Taxation and the Tax Foundation of Hawaii commented on this measure.

Professional employment organizations, known as PEO's, contract with employers, particularly small employers, to distribute payroll to the employers' employees as well as to take responsibility for making all other worker-related payments, including but not limited to temporary disability insurance, unemployment insurance, workers' compensation, union dues, health benefit fees, etc. Professional employment organizations also provide a wide range of services that, based on the testimony presented before the committee, substantially aids small businesses to meet their legal obligations to the government as well as to their employees.

Your Committee finds that the transfer of payroll is essentially a pass through. The PEO cannot use these funds but merely distributes them. The GET on these funds would be, in most cases, far in excess of the charge the PEO makes for the services it provides. Your Committee finds that it is not a good policy to impose the tax on the transfer of payroll and payroll-related funds between an employer and a PEO.

Your Committee also concludes that the bill is, in reality, a tax measure as opposed to a labor measure. No testimony was presented to demonstrate that the professional employment organization industry creates unique management labor issues. On the contrary, it appears that the industry works well with both union and nonunion companies through the timely and organized payment of employee-related costs and benefits.

Your Committee understands that the growth of the PEO industry is a benefit to both small businesses and workers.

Your Committee has amended this bill by removing the language in subsections (c) through (f) of the bill which provides specific protections for employees of employers who enter into relationships with PEO's. Your Committee strongly believes that a worker's right should not be diminished in any way as a result of the worker's employer entering into a relationship with a PEO.

Your Committee would be amenable to restoring the language set out in subsections (c), (d), and (e) in the original bill. However, your Committee has strong reservations about section (f) regarding sanctions. Your Committee finds that this subsection is complex and not warranted at this time.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 502, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 502, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 482 Economic Development and Business Concerns on H.B. No. 857

The purpose of this bill, as received by your Committee, is to require the Governor to:

- (1) Establish a new department called the Department of Technology;
- (2) Prepare an organizational and functional plan (plan) for the Department of Technology; and
- (3) Submit the plan to the Legislature prior to the convening of the Regular Session of 2002.

The Department of Accounting and General Services testified in support of the measure. The High Technology Development Corporation and the Executive Assistant to the Governor testified in support of the intent of the measure.

Upon consideration, your Committee has amended this bill by deleting the substance and inserting the contents of H.B. No. 616, the purpose of which is to establish a Chief Information Officer position within the Office of the Governor on a special and temporary basis.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 857, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Marumoto voted no.)

SCRep. 483 Economic Development and Business Concerns on H.B. No. 1551

The purpose of this bill is to appropriate funds to host the thirty-fifth International General Meeting of the Pacific Basin Economic Council in Hawaii in 2002.

Bank of Hawaii, New City Nissan, Hawaii Pacific University, Hilton Hawaiian Village, Hawaii National Bank, and other concerned businesses and citizens testified in support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of this measure.

The Pacific Basin Economic Council (PBEC) is composed of 19 member countries spanning the world. Last year, over 1,000 people attended. As a result, other large venues have chosen to come to Hawaii for their conventions and meetings. Further, PBEC delegates are primarily business leaders with high disposable incomes whose daily expenditures are significantly higher than the typical leisure tourist and conventioners.

Your Committee has amended this bill by:

- (1) Appropriating funds without additional provisions; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1551, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1551, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 484 Economic Development and Business Concerns on H.B. No. 1636

The purpose of this bill is to appropriate funds for the planning, design, and construction of physical improvements selected as part of an existing or emerging comprehensive, regional, multi-sector community-based strategic action planning process coordinated by the Hawaii Alliance for Community-Based Economic Development.

Coldwell Banker Pacific Properties and an individual submitted testimony supporting this measure. The Department of Business, Economic Development, and Tourism submitted testimony supporting the intent of this measure.

Your Committee has amended this bill by:

- (1) Amending the appropriation amount to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1636, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1636, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 485 Health on H.B. No. 1587

The purpose of this bill is to require the approval of the State Health Planning and Development Agency (SHPDA) prior to the acquisition of an ownership or controlling interest in a private nonprofit hospital by a nonprofit corporation or a government entity.

Testimony in full support of this measure was received from SHPDA.

Your Committee realizes that medical care costs are of major concern to many consumers and that SHPDA was created to address some of these cost concerns. The idea was that through careful thought and planning, medical costs could be controlled.

This bill is a housekeeping measure that clarifies language in a new section of the SHPDA chapter to make it consistent with other sections in that chapter.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1587 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 486 Health on H.B. No. 238

The purpose of this bill is to:

- (1) Transfer the regulation of prescriptive authority of advanced practice registered nurses from the Department of Commerce and Consumer Affairs to the Board of Nursing;
- (2) Transfer the responsibility of formulary designation to the Board of Nursing rather than the Board of Medical Examiners; and
- (3) Delete outdated language regarding the interim report of 1994 on drug formularies.

This measure received supporting testimony from the Board of Nursing of the Department of Commerce and Consumer Affairs, the Hawaii Nurses Association, the Hawaii Government Employees Association, and a number of advanced practice registered nurses.

Opposition to this bill was received from the Hawaii Medical Association and the Hawaii Psychiatric Medical Association. Both organizations felt that physicians were the only medical professionals, due to their extensive education and clinical training in pharmacology, qualified to provide appropriate oversight of the drug formularies and prescriptive authority of the nurses.

Your Committee understands that the Board of Nursing has expertise in the area of nursing and that this board knows the boundaries of the Advanced Practice Registered Nurse scope of practice. Moreover, your Committee realizes that by having the Advanced Practice Registered Nurses regulated by the Board of Nursing, prescriptive authority granted by the Department of Commerce and Consumer Affairs, and a drug formulary regulated by the Board of Medical Examiners, confusion and, at times, an unclear line of authority may exist.

At the same time, your Committee understands the concerns of the Hawaii Medical Association and the Hawaii Psychiatric Medical Association regarding the medical expertise required to determine prescriptive rights when dealing with an ever changing medical field.

Thus, your Committee has decided to amend the measure by:

- (1) Adding language requiring the Board of Medical Examiners to designate the requirements for advanced nursing practice, prescriptive authority, and applicable formularies on an annual basis;
- (2) Adding language requiring the Board of Medical Examiners to submit an annual report on any updated requirements and formularies to the Legislature no later than twenty days prior to the convening of each regular session;
- (3) Adding language creating an advisory board made up of advanced practice registered nurses, physicians who work with these nursing specialties, pharmacists, and other health related fields to advise the board on formulary matters.
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 238, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 238, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 487 Health on H.B. No. 461

The purpose of this bill is to appropriate funds to the counties to administer the parking permit program for persons with disabilities.

The Disability and Communication Access Board, the City and County of Honolulu, the County of Hawaii, the Honolulu Police Department, and the Advocates for Consumer Rights all supported testimony in support of the measure.

Your Committee understands that there are many people in the State of Hawaii with disabled parking permits. Currently, these permits, in the form of id cards, placards, and license plates, are issued by the counties through an application process which encumbers administrative and overhead costs. However, the Federal Courts have ruled that charging disabled persons for these permits is illegal. Thus, the counties cannot recoup their losses and must absorb the expenses even though the State is statutorily mandated to administer this program.

Therefore, your Committee has agreed to pass this measure in order to allow the counties to recover some of their costs related to the issuance of these permits.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 461 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 488 Health on H.B. No. 1358

The purpose of this bill is to remove projects dedicated to meeting the State's obligations under court orders from exemptions from Certificate of Need (CON) requirements.

Momilani Elementary School PTSA, Pearl City Community Association, the State Health Planning and Development Agency, and the Hawaii Disability Rights Center testified in support of this bill.

Your Committee realizes that certain state agencies and organizations may have valid reasons for wanting CON exemptions. Your Committee also believes community input on the concerns of the appropriateness and compatibility of certain projects on their neighborhoods are also important.

The CON process for exemptions is difficult to maintain for the State Health Planning and Development Agency, especially when keeping track of projects that are exempt versus non-exempt projects. Your Committee feels this bill addresses these concerns.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1358, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 489 Health on H.B. No. 284

The purpose of this bill is to appropriate funds to the Department of Health to hire 30 full-time registered nurses.

The Hawaii Nurses Association testified in support of this bill. The Department of Education and the Department of Health (DOH) supported the intent of this bill.

Your Committee finds that there are 80 public health nurses assigned to 36 school complexes to provide health care services. Additionally, these nurses are assigned to other duties within DOH that reduces them to part-time health care workers at these school complexes.

Your Committee further finds that it is important to have registered nurses in each school complex to:

- (1) Monitor the work of the health aides;
- (2) Develop plans for the care of students with more complex health needs;
- (3) Assist with the coordination of health initiatives with teachers and parents; and
- (4) Provide primary and preventative health care services.

Your Committee has amended this bill by:

- (1) Changing the number of school complexes within the State of Hawaii from 29 to 36;
- (2) Changing the appropriation to \$1 for the purpose of continued discussion;
- (3) Include registered nurses as part of the Comprehensive Student Support System; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 284, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 490 Health on H.B. No. 809

The purpose of this bill is to appropriate funds to the Department of Health for a hospital-based coach and athletic director health clinic demonstration project.

Testimony was received from the Wahiawa Hospital Association, Wahiawa General Hospital, Pacific Sports Care, the Hawaii High School Athletic Association, Pacific Health Community Inc., the Central Oahu Physician Hospital Organization, and various athletic trainers and students for Hawaii's high schools in strong support of this measure.

The Department of Health testified that they supported the intent of the measure but that they did so, provided that the appropriated proposal did not adversely impact upon their executive biennium budget.

Your Committee realizes that the health care profession is a dynamic field with changes occurring frequently, especially in the field of sports medicine. Moreover, it was understood that many students, teachers, coaches, and athletic directors often have outdated or inaccurate information regarding proper health care, especially in the science of sports medicine. This was noted to be a possible danger to the well being of the children under their tutelage.

Furthermore, your Committee understands that the focus of health care in twenty first century will be more towards the issue of prevention. Moreover, it was noted that the goal of this program is to empower parents, players, and coaches to make choices that will have a positive and healthy impact upon their lives and aid in injury and illness prevention thus creating an overall "wellness" in the community.

Seeing this to be a worthwhile and possibly long term, cost saving community effort, your Committee has decided to amend this measure by:

- (1) Changing the appropriations figure to \$1 for the purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 809, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 809, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 491 Health on H.B. No. 810

The purpose of this bill is to make an appropriation to the Wahiawa General Hospital for its operating costs.

Supporting testimony for this measure was received from the Wahiawa Hospital Association, Wahiawa General Hospital, Pacific Sports Care, the Central Oahu Physician Hospital Organization, Pacific Community Health Inc., and various concerned citizens.

Your Committee notes that Wahiawa General Hospital serves a population of approximately one hundred and ten thousand people in the Central and North Oahu areas. Moreover, a significant number of these people which the hospital serves are either enrollees in the State Medicaid program or are reluctant to join the Medicaid program due to the tedious application process. Additionally, many persons who use the services of Wahiawa General Hospital are simply unable to pay for their care.

It is also understood that due to the large amount of uncompensated care provided by Wahiawa General Hospital, the hospital financial situation is negatively impacted and threatens the hospital's ability to provide services for its community.

Accordingly, realizing that Wahiawa General Hospital provides an invaluable service to the community it serves and other, surrounding communities, your Committee has decided to amend this measure by:

- (1) Amending the appropriations in the measure to \$1 for the purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 810, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 810, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 492 Health on H.B. No. 814

The purpose of this bill is to appropriate funds for hospital based community health programs.

Testimony in support of this measure was received from the Wahiawa Hospital Association, Wahiawa General Hospital, Pacific Sports Care, the Central Oahu Physician Hospital Organization, Pacific Community Health Inc., and various concerned citizens.

It is noted by your Committee that the focus of health care in the latter part of the twentieth century and into the twenty first century has been, and will be, on wellness and prevention and moving away from treatment after the fact. Over the years, this has proven to be an effective means of combating various diseases and medical conditions.

Furthermore, your Committee realizes that Wahiawa General Hospital currently operates a community outreach health program known as Pacific Sports Care. This program is designed to encourage persons of all ages to have healthy, active lifestyles through fitness activities by planning, coordinating, and assisting in the administration of sports events in partnership with local community groups. It is through outreach activities like these that the well being of the community, and its members, is greatly improved.

Moreover, it was understood that through passage of this measure, Wahiawa General Hospital will have the ability to continue to deliver a much needed and beneficial model of service to the community.

Accordingly, your Committee has amended the measure by:

- (1) Amending the appropriations of the measure to \$1 for the purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 814, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott and Stonebraker.

SCRep. 493 Consumer Protection and Commerce on H.B. No. 1460

The purpose of this bill is to establish an advisory committee in the Governor's office, to develop a comprehensive statewide plan for undergrounding utility lines that considers feasibility and cost. The committee is to be appointed by the Governor, in consultation with the Department of Land and Natural Resources, and is to include representatives from the following:

- (1) Utilities;
- (2) Non-profit entities;
- (3) Community groups;
- (4) The Public Utilities Commission; and
- (5) The Office of the Consumer Advocate.

The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs and numerous individuals submitted testimony in support of this bill. Verizon Hawaii, Kauai Electric, Na Leo Pohai, and Oceanic Cable commented and requested membership on the advisory committee. The Department of Transportation and Hawaiian Electric Company and its subsidiaries, Hawaiian Electric Light Company and Maui Electric Company, testified in support of the intent of this bill. The Board of Land and Natural Resources opposed this measure.

Your Committee finds that it is important to maintain the aesthetic quality of our natural vistas and agrees that the comprehensive plan for undergrounding utility lines proposed by this measure would benefit Hawaii.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1460, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga and Marumoto.

SCRep. 494 Consumer Protection and Commerce on H.B. No. 352

The purpose of this bill is to provide for state regulation of professional counselors by:

- (1) Establishing a Professional Counselors License Program (PCL Program) to be administered by the Director of Commerce and Consumer Affairs (Director);
- (2) Setting forth qualifications for licensure as a professional counselor, and defining the practice of professional counseling;
- (3) Exempting from license qualification requirements those certified as national certified counselors or national certified rehabilitation counselors prior to the effective date of the PCL Program who apply for licensure within one year of the PCL Program's effective date;
- (4) Prohibiting the use of the title of licensed professional counselor without a license;
- (5) Authorizing the Director to examine and license applicants, enter into reciprocity agreements with other states, and deny, revoke, condition, or suspend licenses; and

(6) Appropriating \$43,000 to be expended by the Department of Commerce and Consumer Affairs to implement the PCL Program.

Rehabilitation Association of Hawaii, Hawaii Rehabilitation Counseling Association, Hawaii Youth Services Network, and numerous individuals submitted testimony in favor of this bill. Hawaii Nurses' Association testified in qualified support of the measure. The Department of Health supported the intent of the bill. The Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs (DCCA) testified in opposition.

Your Committee finds that testifiers raised several issues concerning the PCL Program proposed by this bill, including whether:

- (1) The regulation would serve consumers by preventing consumer harm;
- (2) The scope of the regulation is necessary;
- (4) Licensing or certification is necessary; and
- (5) Regulation would serve consumers by increasing the availability and ensuring reimburseability of services provided by counselors whose qualifications are recognized by the State.

Your Committee has amended the effective date of this measure to July 1, 2050, to allow investigation, discussion, and resolution of these and other issues.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 352, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 352, H.D. 1.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.

SCRep. 495 Consumer Protection and Commerce on H.B. No. 1385

The purpose of this bill is to encourage the increased use of renewable energy systems by amending the State's net metering law. The net metering law allows customers, who are also electricity generators using renewable systems, to hook up to the electric grid. Under the law, customer-generators offset the utility-generated electricity that they consume, with the electricity that they produce and deliver to the electric utility. This measure is modeled after the State of California's net energy metering law, and includes amendments that:

- (1) Authorize both residential and commercial customer-generators to participate in the net metering program;
- (2) Simplify interconnection requirements;
- (3) Expand the level of customer-generator participation allowed in the net metering program, by increasing the maximum level of total rated generating capacity of customer-generators from 0.1 percent of the utility's annual peak power, to 1.0 percent;
- (4) Allow one electric meter as opposed to two meters to be used to measure the customer-generator's net energy consumption or delivery;
- (5) Provide that net energy is to be calculated over a 12 month period;
- (6) Set out the rates and charges that are to be applied to calculate compensation owed the electric utility for a consumer-generator's net consumption of electricity; and
- (7) Provide that where the electricity delivered to the utility by the customer-generator exceeds electricity supplied by the utility at the end of the 12-month net energy calculation period, the utility is not obligated to compensate the customer-generator unless the utility enters into a purchase agreement for those kilowatt hours.

The County of Kauai, Hawaii Renewable Energy Alliance, Maui Recycling Group, Sierra Club, Inter-Island Solar Supply, Pacific Region PowerLight Corporation, and five members of the Maui County Council provided testimony supporting this bill. Hawaiian Electric Company and its subsidiaries Maui Electric Company and Hawaiian Electric Light Company, supported the intent of the measure. The Public Utilities Commission and Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs commented. Kauai Electric opposed this bill.

Upon consideration of the testimony, your Committee has amended the provisions in this bill that set the level of eligible customer-generator participation, by replacing the percentage specified with a blank amount to allow further discussion.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1385, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1385, H.D. 2.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.
(Representative Kanoho voted no.)

SCRep. 496 Consumer Protection and Commerce on H.B. No. 1156

The purpose of this bill is to request that the Hawaii Hurricane Relief Fund (HHRF) develop a plan to establish a captive insurance company in Hawaii to receive moneys from the dissolved HHRF and reinsure the Hawaii Insurance Guaranty Fund (HIGA) for claims under hurricane insurance policies left unpaid by insurer insolvency due to a covered event.

HHRF, the Department of Commerce and Consumer Affairs, Department of Budget and Finance, Hawaii Independent Insurance Agents Association, and a private individual testified in opposition to this measure.

Your Committee finds that:

- (1) HHRF was established in 1993 to stabilize the property insurance market in Hawaii after Hurricane Iniki left behind several insolvent insurers;
- (2) HHRF left 30 percent of the state's residential policyholders without coverage; and
- (3) HHRF made property insurance almost impossible to obtain.

Your Committee finds that HHRF has fulfilled its initial purpose of stabilizing the property insurance market. This is reflected in the decision of HHRF's board of directors to suspend HHRF's insurance program on December 1, 2001, and its day-to-day physical operations, soon thereafter.

Your Committee finds that the State is now faced with determining the most appropriate disposition of the funds in HHRF, which currently is estimated at \$175,000,000. Your Committee believes that the most practicable and responsible use of HHRF funds is to continue to use them for the purpose for which they were collected--to protect the public interest in the event of a hurricane.

Although there have been calls to return these moneys to policyholders, your Committee understands that it would be difficult, if not impossible, to allocate these funds among contributors. The funds in HHRF are the contributions of homeowners under the special mortgage recording fee, and of insurers who have written homeowners and other property and casualty lines of insurance in this State. HHRF laws require only a three-year retention of insurer records of policies, and policies are renewed every year. There is unlikely to be sufficient information to separate out the moneys in HHRF by contributor since 1993, and it would be inequitable to return funds only to those who have records of their contributions.

Moreover, a return of funds would do nothing to assist the public in the future, in the event of another devastating hurricane like Iniki. It may actually adversely affect Hawaii's ability to obtain federal disaster relief funds in the future.

Your Committee finds that, as received, this bill would only benefit a narrow segment of the public. In essence, this bill would primarily benefit insurers who became insolvent, and the solvent insurers who would be assessed by HIGA to pay the insolvent insurer's claims.

Thus, your Committee has amended this measure by deleting its substance and inserting provisions providing that the moneys remaining in HHRF upon dissolution will be deposited into the Emergency Budget and Reserve Fund (EBRF). Your Committee finds that there is no question that another hurricane like Iniki will hit the islands. When this occurs, moneys in the EBRF will be there to strengthen Hawaii's economy and help Hawaii rebuild.

In addition, your Committee has amended the effective date to July 1, 2001. In the event another measure is enacted this year to repeal HHRF, this bill will take effect one day before the effective date of that measure if that measure takes effect before July 2, 2001.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1156, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Yoshinaga and Whalen.
(Representatives Gomes and Jaffe voted no.)

SCRep. 497 Human Services and Housing on H.B. No. 944

The purpose of this bill is to create a welfare safety net program called "Keeping Hope Alive" that will utilize a system of vouchers to assist children whose families will cease to receive public assistance with housing, child care, clothing, and school supplies.

The National Association of Social Workers, Affordable Housing and Homeless Alliance, and a concerned citizen testified in support of this measure.

The Department of Human Services submitted testimony in opposition.

Your Committee finds that there are children whose families will be losing welfare benefits who may be severely impacted. Further, your Committee feels that these children should not suffer the consequences of their family's financial circumstances.

Your Committee has amended this bill by:

- (1) Using excess moneys from the Temporary Assistance to Other Needy Families program to fund the "Keeping Hope Alive" program; and

- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 944, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae and McDermott.

SCRep. 498 Human Services and Housing on H.B. No. 1233

The purpose of this bill is to appropriate funds to the Department of Human Services on behalf of the youth services centers under the jurisdiction of the Department's Office of Youth Services.

Furthermore, this measure expands the responsibilities of youth services centers to include being responsive to the needs of the immediate communities, offering an array of services tailored to the needs of the constituents, and considering certain factors in developing core activities.

Your Committee finds that this measure provides additional information and guidelines for the development of youth service centers by the Office of Youth Services and is consistent with the Office's philosophy and overall guiding principles governing youth service centers.

Your Committee has amended this measure by changing the appropriation from an unspecified amount to the specific sum of \$1, by changing the effective date to July 1, 2001, and by requiring the Office of Youth Services to present a working plan of action regarding Act 375, Session Laws of Hawaii 1989.

Your Committee has further amended this measure by incorporating the contents of H.B. No. 915. This measure, which was also heard by your Committee, appropriates an unspecified amount of general funds to the Hookala diversion lock-up program in the Office of Youth Services. State funding for the Hookala program will assist in ensuring that formula grant moneys from the federal Office of Juvenile Justice and Delinquency Prevention are used as intended to improve the continuum of services for at risk juveniles and those already in the juvenile justice system. Your Committee has also changed the appropriation amount for this program to \$1.

Your Committee believes that folding H.B. No. 915 into H.B. No. 1233 represents an initial attempt to address issues raised in a recent study of the Office of Youth Services, to properly fund mandates under Act 375, Session Laws of Hawaii 1989, that have not been satisfactorily implemented, and to address core issues concerning the continuum of care.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1233, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1233, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 499 Water and Land Use on H.B. No. 1363

The purpose of this bill is to place personal responsibility on any individual who voluntarily engages in a hazardous recreational activity on county-owned or controlled property as a participant or spectator, who knows or reasonably should know of the inherent risks of the activity.

The county shall be liable only if the injury or death occurred as a direct result of the county's:

- (1) Failure to warn when the county had actual knowledge of a hazardous condition, sufficient time to warn and failed to do so; and
- (2) Gross negligence, recklessness or willful, wanton, deliberate conduct.

The bill also adds the following under recreational activities: baseball, softball, football, volleyball, tennis, soccer, basketball, swimming, surfing, hunting, fishing, horseback riding or any other equine activity, hiking or trail-building.

The bill further requires a provider of sports or recreational activities, for profit or otherwise, to be liable for damages resulting from negligent acts or omissions of the person which cause injury.

Testimony in support of this bill was received from the City and County of Honolulu Department of the Corporation Counsel, six Maui County Councilmembers, Kauai County Council, Office of the County Attorney of Kauai, Kauai Economic Development Board, Textron Systems Kauai, The Nature Conservancy of Hawaii, Destination Villages-Kauai LLC, and a private citizen.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1363 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, B. Oshiro, Schatz and Meyer.

SCRep. 500 Education on H.B. No. 9

The purpose of this bill is to expand the E-academy Program within the Department of Education (DOE).

The University of Hawaii supported this bill. DOE and the Department of Business, Economic Development, and Tourism supported the intent of this bill.

Upon further consideration, your Committee has amended this bill by deleting its contents and replacing them with the substance of S.B. No. 1292. As amended, this bill streamlines the New Technology Scholar Program established in 2000 by deleting onerous requirements that hindered its implementation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 9, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 9, H.D. 2.

Signed by all members of the Committee.

SCRep. 501 Education on H.B. No. 783

The purpose of this bill is to appropriate funds for the Comprehensive School Support System (CSSS) in schools that service low-income areas.

The Department of Education (DOE) supported the intent of this bill.

Your Committee finds that CSSS provides a broad range of support and access to services for students in public schools. CSSS is particularly invaluable to those students from socio-economically depressed areas as it provides a framework under which students can be connected with members of their communities, departmental staff, private providers, and others who can help them with their unique needs.

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

- (1) Defining "special needs" schools and school complexes;
- (2) Requiring principals of special needs schools to designate certain non-teaching positions as part of CSSS;
- (3) Making an appropriation of \$1 for additional staff for the CSSS in special needs schools or complexes; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 783, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 783, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Bukoski and Stonebraker.

SCRep. 502 Education on H.B. No. 1227

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for an interactive learning program.

Riverdeep Interactive Learning submitted testimony supporting this bill. DOE submitted testimony supporting the intent of this bill.

Your Committee finds that interactive learning programs offer innovative and engaging new methods of instruction for Hawaii's students. Today's technology can provide an entertaining, yet informative approach to learning that can sometimes hold a student's attention more effectively than traditional instructional techniques.

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

- (1) Allowing the DOE to use the appropriated funds for multiple interactive programs; and
- (2) Changing the appropriation amount to \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1227, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1227, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 503 Education on H.B. No. 1590

The purpose of this bill is to appropriate funds to support and continue the Community-based Youth Leadership Demonstration Project (Project) for the Hilo-Hamakua-Kohala region of the Island of Hawaii.

Several individuals submitted testimony in support of this bill. The Office of Youth Services and the Department of Education supported the intent of this bill.

Your Committee finds that this Project greatly benefits students on the Big Island. Students in the Project participate in activities that teach leadership skills and help them to become role models among their peers. The Project instills these youths with practical knowledge and experience that allow them to deal with issues such as teen pregnancy, drug and alcohol abuse, and gang activities.

Upon further consideration, your Committee has amended this bill by changing the appropriation amounts to \$1 each to facilitate further discussion. Technical, nonsubstantive amendments have also been made for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1590, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Schatz.

SCRep. 504 Public Safety and Military Affairs and Labor and Public Employment on H.B. No. 702

The purpose of this bill is to:

- (1) Establish a correctional health care program within the Department of Public Safety (DPS); and
- (2) Exempt the position of the correctional health care administrator and authorized physician positions within DPS from collective bargaining provisions.

Your Committees received testimony in support of this measure from DPS. Your Committees received testimony in support of the intent of this measure from the Hawaii Government Employees Association.

Your Committees have concerns regarding the process of determining which civil service positions are to be made exempt from chapters 76 and 77, Hawaii Revised Statutes. Your Committees find that the criteria for these determinations remain unclear. A report on this topic from the Department of Human Resources Development was not completed in time for delivery to the Legislature as required in Act 253, Session Laws of Hawaii 2000. Therefore, to allow a chance to address these concerns and to keep the discussion alive, your Committees have amended this measure to take effect on July 1, 2020.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 702, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 702, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Espero.

SCRep. 505 Public Safety and Military Affairs and Labor and Public Employment on H.B. No. 711

The purpose of this bill is to exempt the Executive Director and Administrative Assistant of the Crime Victim Compensation Commission from the requirements of civil service.

Your Committees received testimony in support of this measure from the Crime Victim Compensation Commission.

Your Committees have concerns regarding the process of determining which civil service positions are to be made exempt from chapters 76 and 77, Hawaii Revised Statutes. Your Committees find that the criteria for these determinations remain unclear. A report on this topic from the Department of Human Resource Development was not completed in time for delivery to the Legislature as required in Act 253, Session Laws of Hawaii 2000.

To allow a chance to address these concerns and to keep the discussion alive, your Committees have amended this measure by amending the effective date to July 1, 2020.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 711, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 711, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 506 Human Services and Housing and Health on H.B. No. 780

The purpose of this bill is to appropriate funds to the Executive Office on Aging for future community-based elder wellness support systems meeting Hawaii's growing elderly population, including:

- (1) Conducting an independent evaluation of these programs; and
- (2) Developing handbooks and operational manuals for the implementation of service banking and community wellness outreach programs that can be used by various organizations.

The Young Men's Christian Association of Honolulu Atherton Branch, Waikiki Health Center, Waikiki Community Center, Palolo Chinese Home, and a concerned citizen testified in support of this measure.

The Executive Office on Aging and Policy Advisory Board for Elder Affairs supported the intent of this measure.

Your Committees find that Hawaii's population is aging rapidly. It is estimated that in ten years Hawaii will have an additional 100,000 seniors. Seniors have daily needs which sometimes require the assistance of others. Through collaborative effort with public and private agencies and private citizens, including seniors, a network can be created to assist seniors in meeting their needs. Developing and evaluating programs now will help to build a strong support system for our future seniors.

Your Committees note that a grant-in-aid is in process. However, it does not include funding for the University of Hawaii's evaluations and assessments of the projects.

Your Committees have amended this bill by:

- (1) Replacing the appropriation amounts with \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 780, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 780, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae and McDermott.

SCRep. 507 Labor and Public Employment on H.B. No. 1502

The purpose of this bill is to allow owners of employing units to themselves opt out of being eligible for benefits under the unemployment compensation laws.

Specifically, this measure deems as excluded service the service of an individual who holds more than a fifty per cent ownership interest in the employing unit and elects to be excluded from unemployment benefit coverage.

Your Committee has amended this measure by adding a new section amending the provisions on disqualification for benefits.

This bill, as amended, limits optional exemptions from the unemployment insurance law for business owners holding at least a fifty per cent interest in their company and amends the disqualification for unemployment benefits of an owner-employee of a corporation who voluntarily leaves employment. As amended, this bill also requires unemployment benefits to be paid to an owner-employee of a corporation who brings about the owner-employee's own unemployment by actions such as divesting ownership, leasing the business interest, or terminating the business, as long as the owner-employee has made the contributions required by the unemployment compensation law.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1502, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1502, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 508 Energy and Environmental Protection on H.B. No. 369

The purpose of this bill is to effectuate its title.

H.B. No. 369 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the action to report out H.B. No. 369, as amended herein, and recommends that it be recommitted to the Committee on Energy and Environmental Protection, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 369, H.D. 1.

Signed by all members of the Committee except Representatives Ito and Kanoho.
(Representative Bukoski voted no.)

SCRep. 509 Energy and Environmental Protection on H.B. No. 1553

The purpose of this bill is to reduce the dependence on imported fossil fuel and reduce the environmental impact associated with burning fossil fuel by authorizing the issuance of special purpose revenue bonds of up to \$7,000,000 to assist Ocean Engineering and

Energy Systems Inc. (OEESI), in the planning, design, construction, and operation of a Kalina cycle OTEC (ocean thermal energy conversion) plant at the National Energy Laboratory of Hawaii Authority (NELHA).

OEESI testified in support of this measure.

Your Committee finds that this measure will enhance the likelihood of constructing the first commercially viable OTEC plant in the world at NELHA. It will also significantly reduce NELHA's costs for electric power to operate its seawater supply system.

Your Committee has amended this measure by revising the lapse date of the bonds to June 30, 2004, to conform to the State's bond issuance practice.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1553, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1553, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 510 Health and Labor and Public Employment on H.B. No. 790

The purpose of this bill is to protect nurses and other health care workers from needlestick and other sharps-related injuries.

The Department of Labor and Industrial Relations, Hawaii Nurses Association, and the Hawaii Government Employees Association submitted testimony in support of the measure with proposed amendments. The Department of Health supported the intent of the measure.

Your Committees recognize that needlestick injuries and sharps-related accidents are an unacceptable risk to millions of health care workers every year. Moreover, these injuries can transmit diseases such as HIV/AIDS, Hepatitis C, Hepatitis B, and at least twenty other bloodborne pathogens, many of which are fatal.

Technology has been developed to prevent or greatly reduce the risks of these types of injuries. However, many health care facilities continue to use older devices that do not offer similar types of protection.

The bill references tasks that are impossible to complete, are unnecessary, or are already being performed. Accordingly, your Committees have amended this measure by:

- (1) Requiring Hawaii's employers to provide additional information in the sharps injury log;
- (2) Providing Hawaii's employers with a three-year exemption for pre-filled syringes that are approved by the Federal Food and Drug Administration; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 790, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 790, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Auwae, McDermott, Nakasone and Rath.

SCRep. 511 Health and Higher Education on H.B. No. 1034

The purpose of this bill is to establish and appropriate moneys for the Nursing Scholarship Program (Program) to satisfy the growing demand for nurses in the State of Hawaii.

The State Health Planning and Development Agency, Queens Medical Center, Kaiser Permanente, Hawaii Nurses Association, American Organization of Nurse Executives, Hawaii Government Employees Association, Healthcare Association of Hawaii, University of Hawaii, and various nurses testified in support of this measure.

The Department of Business, Economic Development, and Tourism (DBEDT) testified in support of the intent of this measure but felt that it was not the appropriate agency to administer this Program. Furthermore, DBEDT stated that it had neither the staff nor the intake and funds recovery personnel to manage such a Program.

Accordingly, your Committees have amended this bill by:

- (1) Designating the Department of Health (DOH) as the responsible agency for the administration and oversight of this Program;
- (2) Requiring DOH to establish lists of approved courses of study for the various types of approved educational institutions to be addressed by the Program;
- (3) Establishing refund policy time frames of the various approved institutions of learning;
- (4) Amending the appropriation to establish and implement the Program to \$1 to facilitate further discussion;

- (5) Inserting an appropriation to be used for the funding of additional faculty required for the Program; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1034, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1034, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine, Abinsay, Hale, Ito, Schatz, McDermott and Stonebraker.

SCRep. 512 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 917

The purpose of this bill is to enact a new chapter to license and regulate independent clinical social workers (ICSWs). Among other things, this measure:

- (1) Sets out qualifications for an ICSW license;
- (2) Exempts certain groups from required qualifications for an ICSW license;
- (2) Prohibits unlicensed individuals from practicing in the area of ICSW, or using the title, acronym, or variants of the title or acronym;
- (3) Establishes a Board of Independent Clinical Social Work to license and discipline ICSWs;
- (4) Provides for and prohibits disclosure, without patient consent, of privileged communications between ICSWs and patients; and
- (5) Exempts from the chapter, those working for the government as clinical social workers.

Your Committees received testimony supporting this bill from the American Board of Examiners in Clinical Social Work Federation, Clinical Social Work Society of Hawaii, and many private individuals including licensed social workers and clinical social workers. The Department of Human Services commented. Testimony in opposition to the measure was submitted by the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs, National Association of Social Workers, Sex Abuse Treatment Center, and many private individuals, including licensed social workers and clinical social workers.

Your Committees find that those testifying about this bill disagreed on a number of different levels about the approach to be taken in regulating clinical social workers. Your Committees also understand that another bill, H.B. No. 945, will be making its way through the legislative process and is preferred by many who testified in opposition to this bill. To allow further discussion and resolution of the issues raised by this measure, your Committees have amended its effective date from effective upon approval, to July 1, 2050.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 917, as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 917, H.D. 1.

Signed by all members of the Committee except Representatives Case, Saiki, Yoshinaga, Marumoto and Thielen.

SCRep. 513 Water and Land Use and Tourism and Culture on H.B. No. 694

The purpose of this measure is to transfer, on an annual basis, up to six per cent of the moneys in the tourism special fund, which are derived each year from transient accommodations tax revenues, to the state parks special fund.

In addition, this measure appropriates \$4,000,000 out of the state parks special fund, for fiscal year 2001-2002, for the purposes of the special fund, which provides a dedicated—albeit insufficient—source of funding for:

- (1) Permanent and temporary staff positions in the state parks program;
- (2) Planning and development of state parks programs, including the Aina Hoomalu state parks program;
- (3) Construction, repairs, replacement, additions, and extensions of state parks facilities;
- (4) Operation and maintenance costs of state parks and state parks programs; and
- (5) Administrative costs of the Department of Land and Natural Resources' Division of State Parks.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources, Department of Business, Economic Development, and Tourism, The Trust for Public Land, Sierra Club, and Na Leo Pohai -- the public policy affiliate of The Outdoor Circle. The Hawaii Tourism Authority and the Hawaii Hotel Association testified in opposition to this measure. The University of Hawaii Environmental Center and the Tax Foundation of Hawaii commented on this measure.

Your Committees have amended this measure by:

- (1) Deleting the provisions relating to the tourism special fund;
- (2) Requiring a sum, not to exceed \$4,000,000, from all transient accommodations tax revenues realized by the State to be deposited in the state treasury from July 1, 2001 to June 30, 2002, to the credit of the state parks special fund; and
- (3) Making technical nonsubstantive changes for purposes of clarity and style.

The funding mechanism contained in this measure is only one of many possible funding mechanisms available to the Legislature. Because of concerns voiced by the counties and other persons, your Committees on Water and Land Use and Tourism and Culture will defer to the Committee on Finance if it is determined by the latter that another funding mechanism would be more appropriate.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Tourism and Culture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 694, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 694, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Case, Takumi, Halford and Ontai.
(Representative Bukoski voted no.)

SCRep. 514 Labor and Public Employment on H.B. No. 343

The purpose of this measure is to establish a merit pay system for school principals based on improvement that their schools achieve in measurable areas of performance.

This measure is not intended to grant automatic step movements or per cent increases, or both, to school principals. In keeping with its philosophy on collective bargaining and public employment matters, your Committee believes that the granting of step movements and per cent increases should remain the subject of negotiations between employers and exclusive representatives.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2020 to allow the Legislature to discuss the measure's collective bargaining and public employment implications; and
- (2) Clarifying that the merit pay system is intended to "reward", rather than "award", principals for improvement that their schools achieve.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 343, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 343, H.D. 1.

Signed by all members of the Committee except Representatives Souki, Djou and Rath.

SCRep. 515 Labor and Public Employment on H.B. No. 1056

The purpose of this bill is to allow public employee health benefits to be subject to collective bargaining.

The Hawaii Government Employees Association testified in support of this bill. The United Public Workers supported the intent of this bill. The Hawaii State Teachers Association opposed this bill. PEHF and the Department of Budget and Finance commented on this bill.

Your Committee finds that allowing public employee health benefits to be subject to collective bargaining would rationalize the process of wage negotiations and allow the State and counties flexibility to provide benefits to their employees in a cost effective manner.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1056 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki and Djou.
(Representative Rath voted no.)

SCRep. 516 Labor and Public Employment on H.B. No. 1223

The purpose of this bill is to enable the State to attract the most qualified elected officials and public employees by establishing an optional defined contribution plan for certain exempt employees.

American General Financial Group submitted testimony in support of this measure. The Department of Budget and Finance expressed concerns with the plan as proposed. The Employees' Retirement System recommended conducting a comprehensive retirement plan study before any legislation is passed.

Your Committee has amended the bill by changing the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1223, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Souki, Djou and Rath.

SCRep. 517 Labor and Public Employment on H.B. No. 1307

The purpose of this bill is to create a Hawaii Commission for National and Community Service.

Your Committee received supporting testimony from the Superintendent of Education and persons from the Hawaii Commission for National and Community Service.

Your Committee finds that as government costs rise, it must rely more and more on volunteers and the help of concerned citizens. The concept of volunteerism remains a cornerstone of responsible citizenship in the United States. This bill would create a commission to promote and support these volunteer efforts. Your Committee supports the concept of this bill.

Your Committee has amended this bill by adding a definition for "conference report" and adding the phrase, "Notwithstanding section 26-34(d), to the contrary" to begin the second sentence in section -5 on page 5, line 19.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1307, H.D. 1, and be referred to the Committees on Health and Human Services and Housing.

Signed by all members of the Committee.

SCRep. 518 Education on H.B. No. 474

The purpose of the bill is to:

- (1) Set the personal expense allowance for Board of Education (BOE) members at \$130 per day for out-of-state travel, and \$45 per day for interisland travel; and
- (2) Compensate BOE members for mileage accrued during official business at the rate of 37 cents per mile.

BOE submitted testimony supporting this bill.

Your Committee finds that this bill would compensate BOE members more equitably for travel expenses. Currently, BOE members do not receive any reimbursement for mileage, and only receive \$60 per day for out-of-state travel. This amount has remained unchanged for twenty years and is inadequate for today's prices.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 474 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski and Halford.

SCRep. 519 Education on H.B. No. 946

The purpose of this bill is to establish the Pearl City High School Cultural Center (Center) reserve account in the state treasury. The funds will be used for:

- (1) Repair and maintenance; and
- (2) Purchasing of equipment and supplies.

The excess moneys shall go to the state general fund.

The Department of Education and Pearl City High School supported the bill.

Your Committee finds that the Center is a great asset to the community that is often used by various groups around the island. A reserve account is necessary to maintain the heavily used Center and keep it in suitable condition for community use.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 946 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.