

SCRep. 520 Education and Health on H.B. No. 1555

The purpose of this bill is to provide for adolescent treatment service at all secondary schools to ensure that students receive needed services within the confines of the school they attend.

The Department of Health, Aloha House, Inc., Blueprint for Change, Oahu Filipino Community Council, The Filipino Coalition For Solidarity, Inc., HINAMAUKA, and numerous citizens testified in support of this bill. The Department of Education supported the intent of this bill.

Your Committees find that this bill would provide treatment to approximately 1,500 students. School-based programs promote a holistic approach to treatment, intervention, and counseling that includes crisis intervention, screening, and assessment. This program would give students who are dependent on drugs a greater chance of avoiding academic failure and dropping out of school.

Your Committees have amended this bill by changing the appropriation amount to \$1 for the purposes of continued discussion.

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. 1555, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1555, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Schatz, Bukoski, Halford, Yonamine and Stonebraker.

SCRep. 521 Health on H.B. No. 1357

The purpose of this measure is to appropriate funds from the Hawaii Organ and Tissue Education special fund for a grant to the Organ Donor Center of Hawaii.

The Department of Health and the Hawaii Coalition on Donation submitted testimony in support of this measure.

Your Committee finds that Act 88, Session Laws of Hawaii 1999, was passed which supported the donation of organs, tissues and corneas for transplants. Moreover, one component of the bill was the formation of a special fund to support public education on donation. However, the appropriation out of the special fund in that bill only covered fiscal year 2000-2001 while the program was established for three years.

Your Committee recognizes that the program is a noble one, and will pass this measure to fund the program for the remaining two years of its initial, three-year establishments.

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. 1357, 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. 522 Agriculture on H.B. No. 1556

The purpose of this bill is to increase the agricultural loan program's flexibility by raising Class A and Class B agriculture loan limits from \$400,000 to \$800,000.

Meadow Gold Dairies testified in support of this measure. The Department of Agriculture submitted comments in support of this 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. 1556 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 523 Agriculture and Higher Education on H.B. No. 365

The purpose of this bill is to deter malicious damage to any agricultural commodity that is part of a product development program by making the violator liable for twice the value of the crop damaged.

The Pineapple Growers Association of Hawaii, the Hawaii Farm Bureau Federation, and the Hawaii Forest Industry Association testified in support of this measure. Testimony supporting the intent of the bill with amendments was submitted by the University of Hawaii College of Tropical Agriculture and Human Resources, the Hawaii Agriculture Research Center, Pioneer Hi-Bred International, Inc., and the Hawaiian Alliance for Responsible Technology & Science.

Your Committees have amended this bill by:

- (1) Extending the coverage of this measure to include any crop, including silvicultural crops;
- (2) Specifying that the affected crop may also be intended for personal or commercial purposes;

- (3) Extending the coverage to also include crops for research and development purposes at a private or public research facility;
- (4) Specifying that the damage shall be limited to twice the market value of the crop, including related costs, instead of twice the actual damages; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

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. 365, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 365, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 524 Transportation on H.B. No. 123

The purpose of this bill is to protect school children and roadway workers from speeding vehicles by:

- (1) Requiring the Director of Transportation and the counties to establish maximum speed limits for school zones and construction areas and to place official signs in these areas; and
- (2) Establishing fines for speeding.

The Department of Transportation (DOT), Honolulu Police Department, and the State Representative from the 46th District testified in support of this measure. The Department of Education supported the intent of this bill.

Your Committee finds that the number of accidents in school zones and construction areas is significant. According to DOT, over the past five years, there have been:

- (1) 1,653 crashes in school zones, resulting in 13 deaths and 1,535 injuries; and
- (2) 1,113 crashes in work zones, resulting in eight deaths and 932 injuries.

Although not all of these accidents involved speeding, children in school zones and roadway workers remain extremely vulnerable to speeding vehicles.

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. 123 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. 525 Transportation on H.B. No. 1171

The purpose of this bill is to enable Hawaii's youngest drivers to gain more road experience by increasing the term of the learner's permit from 180 days to one year.

The City and County of Honolulu Department of Customer Services (DCS), Honolulu Police Department, and State Farm Mutual Automobile Insurance Company testified in support of this measure. The Department of Transportation supported the intent of this bill.

According to DCS, the majority of minors who successfully complete the practical road test have renewed their learner's permit at least once. Moreover, unless a minor takes the road test on his or her 16th birthday, that minor must renew his or her learner's permit since current law allows minors to obtain their learner's permit no earlier than 15½ years of age.

Your Committee has amended this bill by requiring moped, motor scooter, and motorcycle permit holders to take the skill test within a year.

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. 1171, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1171, 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. 526 Water and Land Use on H.B. No. 695

The purpose of this bill is to implement the redevelopment plans for Kakaako Makai by relocating the Produce Center Development, Ltd. (Produce Center), which is located on the site for the development of the University of Hawaii John A. Burns School of Medicine/Biomedical Research Center.

This bill:

- (1) Amends chapter 171, Hawaii Revised Statutes (HRS), by:
 - (A) Allowing the Department of Land and Natural Resources (DLNR) to assist dislocated lessees who are displaced by eminent domain or threat thereof from property which is being acquired or already owned by the State or a county; and
 - (B) Clarifying that an eligible relocation site is an existing industrial park or other state land designated as an industrial park;
- (2) Designates a portion of the Kapalama Military Reservation as an eligible relocation site;
- (3) Designates a portion of the Kapalama Military Reservation as an industrial park sixty days after the enactment of this measure;
- (4) Terminates all existing revocable permits covering any affected portion of the Kapalama Military Reservation no later than thirty days after the enactment of this measure; and
- (5) Prohibits any permittee under such existing revocable permits from eligibility for the preference granted to displaced lessees under section 171-142, HRS.

DLNR, the Hawaii Community Development Authority (HCDA), the Department of Agriculture, and the Department of Transportation (DOT) testified in support of this bill. Five Kapalama Military Reservation permittees opposed this measure.

Your Committee was particularly concerned about the impact that the proposed relocation of the Produce Center will have in displacing the Kapalama Military Reservation permittees. In this regard, your Committee was disappointed over the apparent lack of consideration demonstrated by state agencies for the well being of the permittees in terms of offering relocation assistance or advance notification.

Accordingly, your Committee has amended this bill by:

- (1) Authorizing DOT to waive or reimburse up to three months of the lease rent owed or paid by Kapalama Military Reservation permittees who will be displaced by the relocation of the Produce Center;
- (2) Changing the effective date of this bill to July 1, 2010, to continue discussion on this matter and ensure that relocation concerns are addressed; and
- (2) Making technical, nonsubstantive amendments to correct certain technical and stylistic errors.

Finally, your Committee strongly urges all agencies involved in the operations of the Kapalama Military Reservation, especially DOT, DLNR, and HCDA, to provide assistance to the displaced Kapalama permittees, especially in finding appropriate alternative locations for 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. 695, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 695, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 527 Energy and Environmental Protection on H.B. No. 174

The purpose of this bill is to encourage the public utilities to seek fuel price stabilization by limiting the recovery of costs or prices of fuel used in the public utility's production of electricity.

Hawaii Renewable Energy Alliance, Sierra Club, Hawaii Chapter, Ka Makani O Kohala Ohana, Inc., and several individuals testified in support of the bill and the Department of Business, Economic Development, and Tourism testified in support of the intent of the bill.

The Public Utilities Commission submitted testimony and noted that safeguards are currently in place to ensure the appropriate use of fuel adjustment clauses by the utilities. They were also concerned that this bill may have unintended results, such as multiple rate cases, higher rates to the ratepayers, and the Commission's reduced ability to respond to situations that may jeopardize adequate, safe, reliable, and efficient energy services at fair and reasonable prices.

The Consumer Advocate and Hawaiian Electric Company, Inc., and its subsidiaries, Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited testified in opposition to the bill, and Kauai Electric asked that the measure be held.

Your Committee finds that there are three components to the energy cost adjustment charge, and that adjusting the fuel price portion of the charge may result in unintended adjustments to the other components: generation mix and system heat rate.

After careful consideration and collaboration with the Consumer Advocate, your Committee has amended the bill to encourage the public utilities to minimize its fuel and energy costs through the efficient deployment of all available generating resources by limiting the recovery of fuel costs used in the public utility's production of electricity to increases resulting solely from the change in the unit price of fuel and purchased energy.

Your Committee has also added a sunset date to the above provision and requested that the PUC prepare a report for the legislature evaluating the use and application of automatic rate adjustment clauses with a recommendation as to whether this section should remain repealed, be reinstated, or be reinstated and amended to provide for a limitation on the pass through of increases in the unit price of purchased energy and fuel.

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. 174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 174, 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. 528 Economic Development and Business Concerns on H.B. No. 175

The purpose of this bill is to stimulate continued growth and development of high technology businesses by:

- (1) Adding new tax benefits, and
- (2) Amending current benefits for high technology industries in Hawaii.

The Kauai Economic Development Board, Hawaii Technology Trade Association, Hawaiian Dredging Construction Company, the Hawaii Opportunities Group, LLC, Software Pharmacy, Inc., Ceatech USA, Hawaii Venture Capital Association; Marshall Reality, Inc., and two concerned citizens testified in support of this bill. The Department of Taxation, the Department of Business, Economic Development, and tourism; High Technology Development Corporation, and Mele Pacific, Inc., supported the intent of this bill. The Tax Foundation of Hawaii and a concerned citizen submitted comments on this bill.

Your Committee finds that this measure will encourage continued growth and development of high technology businesses and associated industries in Hawaii, and will work as an incentive to establish Hawaii as a tech-friendly place to do business for both technical and non-technical businesses.

Your Committee has amended this bill by:

- (1) Increasing the investment tax credit to 100 percent for qualified high technology businesses to address the shortage of venture capital available to early-stage technology companies;
- (2) Providing additional incentives to financial institutions and angel investors to provide start-up capital to technology companies;
- (3) Expanding the definition of "qualified high technology businesses" to include other technology intensive industries that are helping to revitalize Hawaii's economy;
- (4) Expanding the refundable research and development credit to include all qualifying expenses, including software development as a qualifying cost;
- (5) Providing income tax credits for construction or renovation of office buildings that provide high capacity telecommunications access for high tech tenants;
- (6) Extending general excise tax (GET) and GET-related party exemptions to include internet service providers, internet data centers, IT/database management services, and intellectual property royalties;
- (7) Expanding the capital goods excise tax to include software purchases, essential investments that will help Hawaii businesses improve their efficiency and productivity; and
- (8) Making technical, nonsubstantive amendments for purposes of style and clarity.

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. 175, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 175, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 529 Energy and Environmental Protection on H.B. No. 815

The purpose of this bill is to create an exception to the gasoline retail divorce law by allowing a manufacturer or jobber to operate a former dealer-operated retail service station where the current or new dealer:

- (1) Is in agreement with such an operation; and
- (2) Has a contract interest in the operation.

Your Committee received testimony in support of this measure from the Western States Petroleum Association, Arc in Hawaii Wahiawa Center, one gasoline dealer, and individual. The Hawaii Automotive Repair & Gasoline Dealers Association, Hawaii

Coalition of Retail Gasoline Marketers, and one gasoline dealer testified in support of the intent of this measure, with suggested revisions. Tesoro Hawaii Corporation and one individual offered comments.

Your Committee finds that the original divorcement law was designed to protect gasoline dealers from being forced out of business by oil company-owned and operated gasoline stations. Currently, a manufacturer or jobber is prohibited, with certain exceptions, from operating a former dealer-operated service station. This is known as the "once a dealer-operated station, always a dealer-operated station" arrangement.

Supporters of this bill contend that the law fails to consider the small business person who has built a successful service business while operating under a "contract dealer" or "fee operator" arrangement with the oil company. Under such an arrangement, the small business person negotiates a fee that will be charged to the oil company to operate the gasoline facility. The oil company purchases the fuel inventory, pays the taxes on the fuel, pays the credit card discount fees, and provides the fueling system, equipment, and the real estate. In turn, the contract dealer maintains the facility, employs the personnel, and pays the oil company a fair market rent for the service bays or retail area which is used in the business person's business venture.

However, others believe that under the current law, such contract dealers should be considered oil company operated stations.

Supporters believe that this bill will allow a dealer the flexibility to make the best business decision for the station. They contend that this will allow the best buyer, which in many cases is the oil company, to run the station for more than two years. While this arrangement could provide the outgoing dealer the best chance of receiving some compensation for the station, it may also jeopardize the existence of other dealers by circumventing the intent of divorcement.

It is your Committee's intent to use this bill as a vehicle to further discuss this complex issue. Your Committee has amended this bill by:

- (1) Changing the amount of time that an oil company can operate a former dealer operated service station before finding a new dealer from twenty-four to six months;
- (2) Defining "contract dealer"; and
- (3) Stipulating that the new dealer may be a contract dealer only if the monthly sales volume of the service station is not more than 75,000 gallons.

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. 815, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 815, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Ito, B. Oshiro and Meyer.
(Representative Bukoski voted no.)

SCRep. 530 Agriculture on H.B. No. 925

The purpose of this bill is to:

- (1) Appropriate funds from the Agricultural Loan Revolving Fund and the Aquaculture Loan Revolving Fund to provide financial assistance to agriculture and aquaculture enterprises on Kauai; and
- (2) Authorize loans up to \$5,000,000 from the Aquaculture Loan Revolving Fund or Agriculture Loan Revolving Fund to provide financial assistance to agriculture and aquaculture enterprises on Kauai.

The Kauai Economic Development Board (Board), Kauai Chamber of Commerce, Kauai County Farm Bureau, and CEATECH USA submitted testimony in support of this bill. The Department of Agriculture supported the intent of this bill.

Your Committee finds that with the demise of the sugar industry on Kauai, there is a need for financial assistance to stimulate development and economic growth in agriculture and aquaculture enterprises.

Your Committee is concerned that this bill may set a dangerous precedent by giving the Board too much discretion in administering the loans and the possibility of depleting all of the funds in one loan instead of many.

Your Committee has amended this bill by:

- (1) Removing the appropriations to the Aquaculture Loan Revolving Fund and the Agriculture Loan Revolving Fund; 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. 925, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 925, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 531 Agriculture on H.B. No. 1074

The purpose of this bill is to give taxpayers a 10 percent income tax credit on the cost of construction of new drought mitigating water storage facility, or repair or reconstruction of existing water storage facility, including ancillary structures.

The Mayor of the County of Maui, Pineapple Growers Association of Hawaii, and Maui County Farm Bureau testified in support of this bill. The Department of Agriculture and the Hawaii Agriculture Research Center supported the intent of this bill. The Department of Taxation and the Department of Budget & Finance submitted testimony in opposition to this bill. Tax Foundation of Hawaii and Hawaii Farm Bureau Federation commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the 10 percent income tax credit to 4 percent general excise tax credit; 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. 1074, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1074, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Halford.

SCRep. 532 Economic Development and Business Concerns on H.B. No. 426

The purpose of this bill is to accelerate the timetable for pyramiding relief for the sale of services.

The Chamber of Commerce of Hawaii, Retail Merchants of Hawaii, and Hawaii Attractions Association testified in support of this bill. The Department of Taxation opposed this bill. The Department of Budget and Finance, Tax Foundation of Hawaii, and the State Director of the National Federation of Independent submitted comments.

Your Committee has amended this bill by deleting its provisions and adding new provisions that:

- (1) Exempt food for home consumption for senior citizens from the 4 percent general excise tax on groceries;
- (2) Increase the low income tax credit;
- (3) Establish a general excise tax on luxury items equal to five per cent of the sales price; and
- (4) Make technical, nonsubstantive amendments for the purpose of clarity.

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. 426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 426, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Davis.

SCRep. 533 Health on H.B. No. 1603

The purpose of this bill is to allow licensed dental hygienists to provide certain services under the general supervision of a dentist.

The Hawaii Dental Hygienists Association, Kokua Kalihi Valley, and numerous dental hygienists submitted testimony in support of this measure.

The Hawaii Dental Association and numerous dentists who were concerned with the health and safety of the general public, opposed this measure. They also pointed out that the duration, scope, and depth of training differed significantly between dentists and dental hygienists.

Your Committee recognizes that Hawaii is ranked lowest in the nation in oral health care. Dental hygienists want to be a part of the solution by playing a significant role in identifying and preventing tooth decay. Moreover, many dental hygienists are willing to volunteer their time to provide services for the needy and indigent people who may require dental care.

Dental hygienists are also willing to educate the public on dental and oral health and mount a campaign of prevention against periodontal disease and tooth decay. This is not currently possible because dental hygienists must be under the direct supervision of a licensed dentist making it difficult for them to provide these helpful community services.

Your Committee understands the concerns of the dentists and has amended this bill by:

- (1) Specifying procedures that dental hygienists could perform under the general supervision of a dentist;
- (2) Preventing direct reimbursements to dental hygienists; 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. 1603, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1603, 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. 534 Health on H.B. No. 658

The purpose of this bill is to allow the Hawaii Health Systems Corporation (HHSC) to enhance the community network of health care facilities throughout the State by:

- (1) Allowing more flexibility in decision-making;
- (2) Requiring a more thorough annual report and audit;
- (3) Placing accountability with regional advisory committees; and
- (4) Developing community involvement.

HHSC testified in support of this measure. The Department of Health supported the intent of the measure but had concerns regarding the closure of facilities that may be vital for the provision of healthcare services.

The Hawaii Nurses Association, Hawaii Government Employees Association, Association for Professionals in Infection Control and Epidemiology, and Hawaii Thoracic Society opposed the bill feeling that the Legislature should retain control over the closing of vital healthcare facilities and services, especially with regards to the tuberculosis center at Leahi Hospital.

Your Committee understands that HHSC was established to operate and administer the public hospital system in Hawaii. Since its establishment, HHSC has achieved major improvements in its financial performance and continues to increase its revenues and decrease its costs.

Furthermore, your Committee realizes that HHSC requires more flexibility in management to increase the quality of service and care and remain financially sound. However, HHSC also serves as an in-patient safety net for many people and that closure of some of the facilities under their jurisdiction would be disastrous for community health.

Your Committee has amended this bill by:

- (1) Requiring the public health facility management advisory committees for each region to submit a report which would include its recommendations for modifying, decreasing, or increasing the scope or type of health care services to be rendered by the public health facilities within its respective jurisdiction and the costs or savings associated with the modifying, decreasing, or increasing the scope or type of health care services rendered;
- (2) Requiring these reports to be submitted to the legislature at least twenty days prior to the convening of each regular session;
- (3) Requiring approval of the regional public health facility management advisory committee, the director of the Department of Health, and the Legislature before there is a substantial reduction or elimination of direct patient care services at any facility;
- (4) Amending the effective date of the measure; 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. 658, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 658, 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. 535 Health on H.B. No. 1356

The purpose of this bill is to prohibit health insurers from charging per-injection copayments for specific drugs that control multiple sclerosis.

Testimony in support of this measure was received from the National Multiple Sclerosis Society and several individuals. Kaiser Permanente opposed this measure.

Your Committee understands that many people suffer from the debilitating disease of multiple sclerosis (MS) throughout the country and in Hawaii. Moreover, it was recognized that only three drugs are currently recognized by the federal Food and Drug Administration that can control MS. However, due to each patient's unique reaction to these medications, some patients may need to take a daily dose of medicine while others take the medications on a weekly or bi-weekly basis.

Your Committee realizes that the costs for these medications range from \$800 to \$900 for a month's supply and understands that people who cannot afford the co-payments for their drugs may stop taking their medication and worsen their condition.

Upon further consideration, your Committee has amended this bill to cover oral medications in the same way as injectable medications.

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. 1356, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1356, H.D. 2, and be referred to the Committee on Finance.

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

SCRep. 536 Health and Human Services and Housing on H.B. No. 68

The purpose of this bill is to:

- (1) Establish a Breast and Cervical Cancer Treatment Program for individuals who are diagnosed by the Hawaii Breast and Cervical Cancer Control Program who are not eligible to receive Medicaid benefits for treatment, and for other uninsured diagnosed with breast or cervical cancer, or both; and
- (2) Appropriate funds for the program.

The Office of the Lieutenant Governor, Office of Hawaiian Affairs, HMSA, American Cancer Society, St. Francis Medical Center, Healthcare Association of Hawaii, Kalihi Palama Health Center, Hawaii Primary Care Association, Hawaii Society of Clinical Oncology, Hawaii Women Lawyers, Papa Ola Lokahi, Department of Human Services, breast cancer survivors, and concerned physicians and citizens submitted testimony in support of this measure.

Your Committee finds that Hawaii has one of the highest rates in the nation of mortality for women with breast cancer. Moreover, this rate differs among the diverse ethnic group in the State, with women of Hawaiian ancestry having a higher than average rate of new breast cancer cases.

Your Committees were also informed that under federal law, Medicaid coverage for legal immigrants is prohibited for the first five years of their United States residency. Thus, many women in Hawaii who are legal immigrants are not able to take advantage of the Hawaii Breast and Cervical Cancer Control Program.

Moreover, many women in Hawaii do not have medical insurance or are not insured for cancer treatment. Although they may be able to receive free breast cancer screening through the breast cancer control program, many opt not to receive treatment to avoid financial and emotional hardship on their families.

Your Committees felt that it is unconscionable to have a screening program for women to be diagnosed but no means to be treated. Through early intervention and treatment, overall costs for care would diminish since women would not wait to seek treatment when the disease was more advanced.

This measure is a work in progress. Since its early stages, the measure has developed and some areas of concern have arisen. Therefore, your Committees have amended the measure by:

- (1) Reflecting statistical changes since the inception of this measure in the preamble;
- (2) Designating the Department of Human Services as the managing agency for the program;
- (3) Adding an additional year to the program; and
- (4) 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. 68, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 68, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 537 Consumer Protection and Commerce 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.

Testimony in support of this bill was received from The Gas Company and Pacific Biodiesel, Inc. Comments were received from Department of Business, Economic Development, and Tourism, the Department of Taxation, and the Tax Foundation of 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. 1345, H.D. 1, and recommends that be referred to the Committee on Finance.

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

SCRep. 538 Consumer Protection and Commerce on H.B. No. 423

The purpose of this bill is to facilitate shipments of wine by manufacturers.

Your Committee finds that wineries in Hawaii are unable to ship their products directly to consumers in other states. Your Committee finds that this situation results in loss of revenue for wineries in Hawaii, especially for tourists who desire to purchase a few bottles of wine in Hawaii and have it shipped to their home states. However, local wineries are unable to accommodate them.

This bill proposes to enter into reciprocal agreements with the twelve other reciprocal Mainland states, permitting local wineries to ship their wines directly to customers in those states. This bill would also permit Hawaii residents to purchase wines from Mainland wineries in the reciprocal states and have it shipped to Hawaii. Such purchases are limited to two cases per year, and is for personal use only.

Testimony in support of the measure was received from the Volcano Vineyards, LLC., Tedeshi Vineyards, Ltd., the Wine Institute, and an individual. The Hawaii Wholesale Liquor Dealers recommended that the measure be held in Committee.

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. 423 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 Kanoho.

SCRep. 539 Consumer Protection and Commerce on H.B. No. 203

The purpose of this bill is to amend two subsections of the General Excise Tax (GET) law that allow insurance agents and real estate agents to split commissions for GET purposes, and travel agencies or tour packagers and tourism related service providers to split the gross proceeds from the sale of the tourism related service. The amendments made by this bill are intended to allow travel agents, like insurance and real estate agents, to split commissions and pay GET only on the commissions they actually receive.

Testimony in support of this bill was submitted by the Hawaii Chapter of the American Society of Travel Agents, Kobayashi Travel Service, and TTS Tour Shop. Tax Foundation of Hawaii provided comments. The Department of Taxation testified in opposition to this bill.

Presently, when two travel agents are involved in a single sales transaction and desire to apportion the full commission based on an agreed-upon percentage, each agent must pay the four percent GET tax on the entire commission, as well as on the portion of the commission that they ultimately receive. This results in double taxation.

The section amended by this bill provides that insurance and real estate agents are not subject to this form of taxation and are allowed to practice "commission splitting," where each agent pays GET on the proportional amount of the commission they receive. Your Committee understands that there is a growing travel industry practice of sharing a commission between two or more travel agents.

Your Committee finds that the double taxation imposed on travel agents who split commissions is unfair, and that travel agents should be included with insurance and real estate agents as persons who are subject to the GET only in an amount proportional to the commission they actually receive.

Your Committee has amended this bill by making technical, nonsubstantive changes 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. 203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 203, 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. 540 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 599

The purpose of this bill is to modernize Hawaii's nonprofit corporations law by conforming it to the most recent version of the Model Nonprofit Corporations Act.

Testimony in support of this measure was received from the Business Registration Division of the Department of Commerce and Consumer Affairs. The Aloha Society of Association Executives submitted testimony in support of the intent of the bill and voicing concerns.

Your Committees find that it is in the State's best interest to enact legislation that modernizes and maintains the uniformity of Hawaii's business registration laws. Your Committees agree with the Business Registration Division that by adopting model language that is uniform with a majority of the states and by incorporating the latest developments in business registration law, this measure supports a better flow of commerce, helps to develop our local economy, and improves Hawaii's business climate.

Your Committees have amended this bill by:

- (1) Requiring that a list members entitled to vote at a corporation meeting be made available for inspection at the meeting only if requested no fewer than five business days prior to the scheduled date of the meeting;
- (2) Requiring that only financial statements furnished to members in the past three years be kept, rather than all written communications and financial statements provided to members during that time; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

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. 599, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 599, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 541 Economic Development and Business Concerns and Health on H.B. No. 813

The purpose of this bill is to extend Enterprise Zone Program tax benefits to an expanded list of health care institutions.

WC Advisors, Inc., Wahiawa Hospital Association, Wahiawa General Hospital, Wahiawa-Central Oahu Health Center, Central Oahu Physician Hospital Organization, Pacific Health Community, Inc., Pacific Sports Care, Matthews Marketing, TBG Development, John A. Burns School of Medicine, and several individuals supported this bill. The Department of Business, Economic Development, and Tourism opposed this bill. The Department of Taxation commented on this bill.

Your Committees find that this bill would expand economic opportunities to the health care industry in Hawaii. The enterprise zone tax benefits would stimulate this potentially dynamic industry, and would attract business to our State.

Upon further consideration, your Committees have amended this bill by changing the effective date to July 1, 2015, to facilitate further discussion.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 813, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 813, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 542 Education and Labor and Public Employment on H.B. No. 1041

The purpose of this bill is to restore annual increments or longevity increases for teachers upon satisfactory service and performance.

The Hawaii State Teachers Association supported the bill. The Department of Education (DOE) supported the intent of this bill. The Department of Human Resources Development and Hawaii Congress of Parents, Teachers, and Students testified in opposition.

Act 253, Session Laws of Hawaii 2000, which deals with civil service employees' compensation "pay for performance" principles is an issue with respect to transformation of the DOE toward accountability incentives and recruitment of teachers in our educational system. Although this compensation subject is normally within the purview of collective bargaining, your Committees believe that teachers need to be recognized and rewarded due to the shortage of teachers in our State.

Accordingly, your Committees have amended this bill to take effect on July 1, 2020.

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. 1041, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1041, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Garcia, Bukoski, Halford, Ontai, Yoshinaga, Djou and Rath.

SCRep. 543 Consumer Protection and Commerce on H.B. No. 79

The purpose of this bill, as received by your Committee, is to amend a section in chapter 467, Hawaii Revised Statutes (HRS), Real Estate Brokers and Salespersons, and various provisions of chapter 508D, HRS, Mandatory Seller Disclosures, to make the law more workable by:

- (1) Providing that a licensed real estate broker or salesperson has adequately performed the duty to disclose material facts under chapter 467 if the licensee has complied with chapter 508D, HRS, governing mandatory seller disclosures in residential real estate transactions;
- (2) Amending the definition of "disclosure statement" in chapter 508D to:
 - (A) Remove the requirement that material information in documents recorded in the Bureau of Conveyances must be disclosed; and
 - (B) Add to the material facts that must be included in the statement, those under section 508D-15, HRS, pertaining to the location of the property relative to flood hazard, tsunami, and other similar areas;
- (3) Amending the definition of "material fact" in chapter 508D to replace the reference to facts that "materially" affect the value of the property, with facts "specific to the property, that directly, substantially, and adversely" affect property value;
- (4) Providing that the buyer's right to rescind a contract based on material information in an amended disclosure statement under section 508D-13, HRS, does not apply if the sale has been recorded;
- (5) Providing that the seller of a residential property has no duty under chapter 508D to examine public records when preparing a disclosure statement;
- (6) Amending chapter 508D to remove from information that may be included among information disclosed in good faith or with due care, by the seller, the "approximation" of information, provided when sufficient information is not reasonably available to the seller; and
- (7) Replacing the chapter 508D requirement that absentee owners provide approximation information about a property when the owner lacks the requisite personal knowledge, with the requirement that they give the buyer notice of their lack of personal knowledge.

The Hawaii Association of Realtors testified in favor of the measure. The Real Estate Commission, Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs, and Pacific Realty Consultants commented on the bill.

Your Committee has amended this bill by removing the amendments made in the bill to:

- (1) Chapter 467, real estate broker and salesperson disclosure requirements; and
- (2) Chapter 508D, other than those relating to absentee owners.

Your Committee believes that an absentee owner selling residential property should disclose any material information about the property of which the absentee owner has personal knowledge. For this reason, your Committee has amended this bill by replacing amendments to section 508D-10, HRS, that provides for limited absentee owner disclosures, with a section repealing section 508D-10. Your Committee has retained a section of the original bill that subjects absentee owners to all requirements of chapter 508D.

Technical, nonsubstantive amendments have also been made for purposes of 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. 79, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 79, 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. 544 Transportation on H.B. No. 1547

The purpose of this bill is to increase towing fees and mileage charges and expand times for overtime charges.

The Department of Commerce and Consumer Affairs offered comments on the bill. Two towing companies and the Hawaii State Towing Association spoke in favor of the bill.

Your Committee finds that the rise in gasoline prices, employee overhead costs and general inflation have raised the costs of towing companies. Towing services perform a variety of services including clearing no parking lanes and stalled cars, to prevent traffic backup. As road conditions become more congested because of the increase in motor vehicles, towing companies may be called upon more often by police and property owners.

Your Committee has amended this bill to correct a computer system data base error which inadvertently:

- (1) Included statutory language from section 291C-135, Hawaii Revised Statutes, on page 1, lines 8-14 and page 4, lines 7-19 of the bill; and
- (2) Excluded the penultimate sentence and portions of the prior sentence in section 290-11(b)(1), Hawaii Revised Statutes.

In addition, your Committee has deleted the word "everyday" from page 2, line 7, as unnecessary, since the overtime charge is a flat fee.

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. 1547, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1547, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 545 Judiciary and Hawaiian Affairs on H.B. No. 773

The purpose of this bill is to allow the dismissal of an application to modify the terms of an existing protective order, without a hearing, if the application does not allege facts sufficient to establish a significant change in the circumstances of the parties.

Supportive testimony was submitted by the Judiciary, the Domestic Violence Clearinghouse and Legal Hotline and its attorneys, the Hawaii State Coalition Against Domestic Violence and concerned citizens. The Office of the Public Defender testified in opposition to this bill.

Your Committee believes this bill will provide relief to the parties of an existing domestic abuse protective order by relieving them from court appearances on frivolous motions. This bill will also facilitate better use of limited court time.

After careful consideration, your Committee has amended this bill by correcting terminology to reflect common Court practices and procedures, and 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. 773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 773, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 546 Judiciary and Hawaiian Affairs on H.B. No. 152

The purpose of the bill is to remove the Expedited Sentencing Program's pilot project status by repealing its sunset date and the yearly reporting requirements.

Your Committee received testimony in support of the measure from the Judiciary, the Department of the Attorney General, the Department of Public Safety, the Office of the Public Defender, the Office of the Prosecuting Attorney for the County of Hawaii, the Office of the Corporation Counsel for the County of Hawaii, the Hawaii State Foster Parents Association, Catholic Charities Family Services, the Hindman Foundation, and several individuals.

Your Committee received testimony in opposition to the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu.

Your Committee finds that, despite a few concerns, the Expedited Sentencing Program as established by Act 316, Session Laws of Hawaii 1993, has sufficient support from the public to continue its pilot project status.

Your Committee amended the bill by:

- (1) Extending the sunset date of the Expedited Sentencing Program to June 30, 2006; and
- (2) Preventing the inadvertent repeal of probation laws established in connection with the Expedited Sentencing Program.

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. 152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 152, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 547 Judiciary and Hawaiian Affairs on H.B. No. 1003

The purpose of this bill is to authorize probation or peace officers to admit defendants to bail when the punishment for the original offense does not exceed one year.

The Judiciary provided testimony in favor of the measure. The Office of the Public Defender provided testimony in opposition to the measure.

Your Committee finds that the practice of setting bail for probation violators could be managed by probation officers in instances where the underlying offense was punishable by imprisonment of one year or less.

Your Committee amended this bill by making technical, nonsubstantive changes 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. 1003, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1003, 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. 548 Judiciary and Hawaiian Affairs on H.B. No. 382

The purpose of this bill is to allow each county to fulfill the public notice requirement by selecting its own source of publication, rather than a state-selected publication.

The bill achieves this by removing the counties from the definition of "government agency", as the term is used to require publication of notice. However, the separate notice requirements arising under the state procurement code and the purchase of health and human services are unaffected.

Testimony in support of this measure was submitted by the City and County of Honolulu Department of Planning and Permitting, the Chairman and two members of the Maui County Council, the Office of the Hawaii County Clerk, and the Hawaii Newspaper Agency.

The State Department of Accounting and General Services and Common Cause Hawaii testified in opposition to this bill.

Your Committee finds that under existing law, the counties are required to publish public notices in a statewide weekly publication selected by the State Comptroller. The counties have experienced problems in meeting legislative deadlines because weekly publications require more advance notice than daily countywide publications.

Your Committee has made stylistic and technical changes that do not affect the substance of the bill including correcting a typographical error in the title.

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. 382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 382, 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. 549 Judiciary and Hawaiian Affairs on H.B. No. 771

The purpose of this bill is to establish interference with the reporting of an emergency or crime as a petty misdemeanor.

Your Committee received testimony in favor of the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, the Hawaii State Commission on the Status of Women, Domestic Violence Clearinghouse, Hawaii State Coalition Against Domestic Violence, and concerned individuals. Your Committee received testimony in opposition to the measure from the Office of the Public Defender.

Your Committee finds that perpetrators of domestic violence should not prevent victims and witnesses from contacting authorities for assistance in preventing domestic violence.

Your Committee amended this bill by clarifying and limiting prohibited conduct to intentionally and knowingly preventing a victim of or witness to a criminal act from:

- (1) Calling a 911-emergency telephone system;
- (2) Obtaining medical assistance; or
- (3) Making a report to a law enforcement officer.

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. 771, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 771, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 550 Judiciary and Hawaiian Affairs on H.B. No. 978

The purpose of the bill is to replace the term "law enforcement officer" for the term "peace officer".

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu. Your Committee received testimony in opposition to the measure from a concerned individual.

Your Committee finds that there has been confusion as to whether the statutory definition of "peace officer" is consistent with the term "law enforcement officer" and this matter is in need of clarification.

Your Committee amended the bill by 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. 978, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 978, 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. 551 Judiciary and Hawaiian Affairs on H.B. No. 645

The purpose of this bill is to create two degrees of penal sanctions against any person who intentionally or recklessly acts in a manner likely to be injurious to the physical or mental welfare of a person unable to care for themselves because of a physical or mental disease, disorder, or defect.

The Department of the Attorney General, the Executive Office on Aging, the State Planning Council on Developmental Disabilities, the Honolulu Police Department, the Honolulu Prosecuting Attorney, the Policy Advisory Board for Elder Affairs, the Hawaii Disability Rights Center, and the Chair of the Governor's Committee on Elder Abuse provided testimony in favor of the measure. The Office of the Public Defender expressed concerns about the measure.

Your Committee finds that the need to expand the protection for incompetent persons to a class C felony must be balanced with the need for less vagueness in the elements of the offense of endangering the welfare of incompetent persons. The current draft of the bill does not require actual harm to occur; the mere potential for harm is sufficient to support a felony conviction. Your Committee further finds that increasing the level of offense to a class C felony requires a concomitant higher level state of mind for the defendant.

Your Committee amended this bill by:

- (1) Deleting vague references to the requirement of acting in a manner likely to be injurious to the physical or mental welfare of the incompetent person;
- (2) Requiring an intentional state of mind for the class C felony offense of endangering the welfare of incompetent persons;
- (3) Requiring bodily injury for both degrees of the offense of endangering the welfare of incompetent persons; and
- (4) Making technical and nonsubstantive changes 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. 645, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 645, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 552 Judiciary and Hawaiian Affairs on H.B. No. 993

The purpose of the bill is to expand the definition of the acts that constitute promoting child abuse in the first degree and to increase the penalty for promoting child abuse in the second degree to a class B felony.

The Department of the Prosecuting Attorney for the City and County of Honolulu supported the intent of the measure. The Honolulu Police Department and the Office of the Public Defender commented on the measure.

Your Committee finds that this measure would address problems in prosecution where minors are unaware of their involvement in a defendant's sexually motivated criminal actions. This measure focuses the offense of promoting child abuse upon the defendant's use of a minor as a sexual object in the creation of pornographic material.

Your Committee has amended the bill by:

- (1) Deleting reference to the vague and undefined term "sexual acts";
- (2) Maintaining the offense of promoting child abuse in the second degree at a class C felony; and
- (3) Providing equal clarity and definitiveness as to the prohibited conduct for the offenses of promoting child abuse in the first degree and in the second degree.

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. 993, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 993, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 553 Judiciary and Hawaiian Affairs on H.B. No. 1255

The purpose of this bill is to provide for expungement of a minor's record of specific arrest upon an order issued by the family court.

The Judiciary, the Attorney General, Prosecuting Attorney for the City and County of Honolulu, the Police Department for the County of Maui, the Honolulu Police Department, and the Juvenile Justice Information Committee provided testimony in favor of the measure. The Office of Youth Services (Dept. of Human Services) testified in support of the intent. The Office of the Public Defender commented.

Your Committee finds that under certain conditions a minor's record of arrest should be subject to expungement. Furthermore, after receiving testimony from various interested parties a consensus has been reached in expanding the scope of arrest records that would be considered for expungement by order of the family court.

Your Committee amended the bill by:

- (1) Clarifying the definition of "arrest record";
- (2) Expanding the scope of the type of arrest record which is subject to an order of expungement; and
- (3) Making technical and non-substantive changes 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. 1255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1255, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 554 Judiciary and Hawaiian Affairs on H.B. No. 1405

The purpose of the bill is to conform amendments relating to revocation of motor vehicle registrations for repeat intoxicated drivers under Administrative Drivers License Revocation (ADLR) proceedings with amendments that consolidate and conform offenses relating to operating a vehicle under the influence of an intoxicant.

Your Committee received testimony in support of the measure from the Department of Transportation and the Department of the Prosecuting Attorney for the City and County of Honolulu.

Your Committee finds that Act 189, Session Laws of 2000, failed to include the provisions for:

- (1) Repeat intoxicated drivers which took effect on September 30, 2000; and
- (2) Habitual driving under the influence of intoxicating liquor and preliminary alcohol screening devices.

This measure will prevent the automatic repeal of the amendments made to those provisions when Act 189 comes into effect.

Your Committee amended this bill by making technical, nonsubstantive changes 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. 1405, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1405, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 555 Judiciary and Hawaiian Affairs on H.B. No. 524

The purpose of this bill is to expand the scope of prohibited activity and create a range of offenses, from misdemeanor to class B felony, for computer crimes.

The Department of the Attorney General (AG), the Prosecuting Attorney of the City and County of Honolulu (Prosecuting Attorney), and the Honolulu Police Department (HPD) supported the intent of this bill. Comments were also submitted by the Office of the Public Defender.

During the Regular Session of 2000, your Committee reported Senate Bill No. 2352, House Draft 1 (House Standing Committee Report No. 1295-00), which proposed to modernize Hawaii's computer crimes statutes. This measure passed Third Reading in the House, but failed to receive conference approval.

Shortly before the convening of the 2001 Legislature, your Committee worked with AG staff to craft a bill based on the previous House position that would address concerns raised by the AG and the HPD. The work product of these efforts was drafted into a bill that was introduced this year -- House Bill No. 767.

During the public hearing on House Bill No. 524, the AG, the Prosecuting Attorney, and the HPD testified that while they supported the intent of this administration bill, they preferred the approach outlined in House Bill No. 767.

In light of this, your Committee has amended this bill by deleting its substance and inserting the provisions of House Bill No. 767. The amended bill, inter alia, would:

- (1) Create the following new offenses:

- (A) Computer fraud in the first degree – a class B felony;
- (B) Computer fraud in the second degree – a class C felony;
- (C) Computer damage in the first degree – a class C felony;
- (D) Use of a computer in the commission of a separate crime – an offense one class or grade greater than the offense facilitated;
- (E) Unauthorized computer access in the first degree – a class B felony; and
- (F) Unauthorized computer access in the third degree – a misdemeanor;
- (2) Clarify the offense of extortion to include persons who threaten by word or conduct to cause damage to a computer, computer system, or computer network;
- (3) Allow for the forfeiture of property used in computer crimes;
- (4) Clarify that jurisdiction and statute of limitations on computer crimes committed for prosecution purposes; and
- (5) Establish a temporary commission on computer crime laws to review the implementation of this bill and determine whether it allows the comprehensive prosecution of computer crimes without inhibiting legitimate computer activities.

Lastly, various technical, nonsubstantive amendments were made for the purpose of clarity, style, and conformity to the standard drafting conventions utilized by the Legislature.

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. 524, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 524, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 556 Judiciary and Hawaiian Affairs on H.B. No. 127

The purpose of the bill, as received, is to create a new felony for the sale or manufacture of deceptive identification documents.

Your Committee received testimony in favor of the measure from the Honolulu Police Department. The Office of the Public Defender provided comments.

Your Committee amended this bill by deleting the contents and replacing it with provisions which:

- (1) Prohibit the use of social security numbers for recording, identification, or informational purposes on a variety of state and county government documents, records and forms; and
- (2) Provide for the transition to new forms and identification numbers.

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. 127, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 127, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 557 Judiciary and Hawaiian Affairs on H.B. No. 624

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

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

The Department submitted testimony in support of this bill.

Your Committee finds that clarification of the Department's rulemaking authority is necessary to ensure that the Department adopts rules in accordance with Chapter 91, Hawaii Revised Statutes, to ensure the efficient execution of its functions under the Act.

Your Committee further finds that the Department's reporting requirements require clarification. Presently, the scope of the report encompasses all subleased lands controlled by the Department. The broadness of this requirement has caused confusion as to whether the homestead lands must be included in the Department report. Your Committee finds that in practice, the Department does not include homestead lands in its report since the Act does not permit the subleasing of homestead lands. Accordingly, clarifying the reporting requirements is necessary to maintain consistency with the other provisions of the Act.

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. 624 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, Morita, Yoshinaga and Whalen.

SCRep. 558 Judiciary and Hawaiian Affairs on H.B. No. 498

The purpose of the bill is to provide victims of domestic violence with the right to be notified by the defendant's probation officer when:

- (1) The defendant violates any term or condition of probation; or
- (2) The probation officer has any information that relates to the safety and welfare of the victim.

Your Committee received testimony in favor of the measure from the Judiciary, The Hawaii Catholic Conference and a concerned individual. The Domestic Violence Clearinghouse and the Hawaii State Coalition Against Domestic Violence testified in support of the intent of the bill. The Department of the Prosecuting Attorney for the City and County of Honolulu testified against the measure. The Office of the Public Defender provided comments.

Your Committee finds that probation officers should have the discretion to disclose requested information that relates to the safety and welfare of the victim. Your Committee further finds that such disclosures should also be protected from civil and criminal liability when given in the exercise of the probation officer's discretion.

Your Committee has amended the bill by:

- (1) Using the statute regarding adult probation records as the vehicle by which to make statutory amendments to implement the intent of the measure;
- (2) Deleting the requirement to inform victims of violations of terms or conditions of probation by the defendant; and
- (3) Providing civil and criminal immunity for probation officers for disclosure or non-disclosure of information.

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. 498, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 498, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 559 Judiciary and Hawaiian Affairs on H.B. No. 986

The purpose of the bill is to create the offense of manufacturing a deceptive identification document as a class C felony.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Department of the Honolulu Prosecuting Attorney, and the Retail Merchants of Hawaii.

Your Committee amended the bill by:

- (1) Inserting the additional prohibitions of the sale of or offer to sell deceptive identification documents; and
- (2) Making technical and nonsubstantive changes 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. 986, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 986, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 560 Judiciary and Hawaiian Affairs on H.B. No. 1208

The purpose of the bill is to:

- (1) Extend the period after which firearms seized in domestic violence situations can be returned from seven working days after seizure to fourteen days after a request is made for its return; and
- (2) Prohibit the return of seized firearms or ammunition to a person who cannot legally possess a firearm.

Your Committee received testimony in support of the measure from the Honolulu Police Department, Domestic Violence Clearinghouse and Legal Hotline, Hawaii Firearms Control Coalition, and a concerned individual. Your Committee received testimony in opposition to the measure from the Hawaii Citizens' Rights Pac and a concerned individual.

Your Committee finds that presently the seven workday period after the seizure of firearms is inadequate for the Honolulu Police Department to make a complete check on the owner before the return of the weapon.

Your Committee has amended the bill by:

- (1) Shortening the period after which a firearm can be returned from fourteen to seven days after the request for the return; and
- (2) Making technical, nonsubstantive changes 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. 1208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1208, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 561 Judiciary and Hawaiian Affairs on H.B. No. 1211

The purpose of the bill is to:

- (1) Exclude defibrillators used in emergency medical situations from definition of "electric gun";
- (2) Include electric livestock prod in the definition of "electric gun"; and
- (3) Exempt law enforcement officers from laws governing carrying, owning, and licensing of firearms.

Your Committee received testimony in support of the measure from the Honolulu Police Department. Your Committee received testimony in opposition from the Hawaii Citizens' Rights Pac and several individuals.

Your Committee finds that:

- (1) Defibrillators and electric cattle prods when limited to their intended use pose no danger as weapons, therefore, these should not be included in the definition of "electric guns"; and
- (2) There is a need to study the effectiveness of using electric guns by police authorities, therefore, the police should be allowed to acquire at most three weapons for each county police department.

Your Committee amended the bill by:

- (1) Retaining the exclusion of electric livestock prod in the definition of "electric gun"; and
- (2) Limiting each county police department to three electric guns for the purpose of studying the utility of electric guns.

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. 1211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1211, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 562 Judiciary and Hawaiian Affairs on H.B. No. 625

The purpose of this bill is to require that a majority of the Hawaiian Homes Commission (Commission) be comprised of members with at least one-fourth Hawaiian blood.

The State Council of Hawaiian Homestead Associations testified in support of this measure. The Department of Hawaiian Home Lands commented on the measure.

Presently, four of the nine members of the Commission are required to have at least one-fourth Hawaiian blood. Your Committee finds that this bill is necessary to ensure that Hawaiians have a majority voice in the policy decisions of the Commission.

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. 625 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, Morita, Yoshinaga and Whalen.

SCRep. 563 Consumer Protection and Commerce on H.B. No. 585

The purpose of this bill is to eliminate unnecessary regulation without compromising consumer protection by amending regulatory requirements applicable to real estate brokers (REBs) to:

- (1) Change the experience requirement for REB license applicants from full-time during the three years preceding the application, to at least three years of the five years preceding the application;

(2) Exempt a condominium hotel operator who is an active, licensed, REB, from registration and fidelity bond requirements applicable to other condominium hotel operators; and

(3) Adjust condominium managing agent proof of fidelity bond requirements so that they are consistent with those applicable to condominium hotel operators.

Your Committee received testimony in support of this bill from the Real Estate Commission, the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs, Office of the Lieutenant Governor, and Hawaii Association of Realtors.

Your Committee finds that:

(1) The amended experience requirement in this bill is a flexible and reasonable alternative to the existing rule;

(2) Removing the fidelity bond requirement for condominium hotel operators who are active licensed REBs will reduce duplicative and unnecessary regulation. Consumers harmed by REBs may seek recovery from the Real Estate Recovery Fund; and

(3) Consistent proof of fidelity bond requirements will streamline administration of the law applicable to the management and operation of condominiums and condominium hotels.

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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 585, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 585, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 564 Consumer Protection and Commerce on H.B. No. 589

The purpose of this bill is to clarify and streamline requirements for the licensure of architects.

Your Committee finds that current requirements for licensure of architects are inconsistent with present practices, administrative rules, and professional preparation offered by colleges and universities. Your Committee further finds that a doctoral program in architecture is not recognized in licensing procedures.

This bill proposes to make the necessary amendments to bring licensing laws for architects up-to-date, making them consistent with present practices, administrative rules, and higher education programs, such as the doctoral program in architecture at the University of Hawaii.

Testimony in support of this measure was received from the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects, Department of Commerce and Consumer Affairs, the American Institute of Architects, and the University of Hawaii, School of Architecture.

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. 589, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 589, 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. 565 Consumer Protection and Commerce on H.B. No. 590

The purpose of this bill is to increase the financial stability of Hawaii's health maintenance organizations and mutual benefit societies. This measure amends the net worth requirements applicable to these entities, which must maintain a minimum net worth equal to the greater of either \$1,500,000, or other net worth requirements listed in the statute which are based on the entity's premium revenues, health care expenditures, operating expenses, and other costs. The bill:

(1) Adds another net worth requirement to the list, equal to three times the average of monthly net claims paid during the past calendar year by the entity; and

(2) Includes a phase-in system allowing the entity to gradually comply with the new net worth requirement over a three-year period.

The Hawaii Medical Service Association testified in support of this measure. The Insurance Division of the Department of Commerce and Consumer Affairs commented.

Your Committee finds that in Hawaii, as well as across the country, health care costs have fluctuated wildly over the last few years. In order to survive these fluctuations a health plan must have adequate reserves. Those that do not become insolvent or leave the market. In these cases, the delivery of services under a consumer's health plan is, at best, disrupted. At worst, consumers are left with no coverage.

Your Committee finds that the new net worth requirement in this bill will increase the standard of financial responsibility that must be maintained by mutual benefit societies and health maintenance organizations, and will bolster the stability of Hawaii's health plans.

Your Committee has amended this bill by changing each year of the three-year phase-in period for the net worth requirement for mutual benefit societies and health maintenance organizations to 2020 to encourage further discussion of the phase-in schedule. 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. 590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 590, 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. 566 Consumer Protection and Commerce on H.B. No. 593

The purpose of this bill is to:

- (1) Correct cross-references to sections of the State Insurance Code; and
- (2) Clarify that except as otherwise provided, any approval shall be deemed granted on the 30th calendar day after filing the request for approval.

The Department of Commerce and Consumer Affairs and the American Council of Life Insurers testified in support of this measure.

Your Committee finds that chapter 431:10D, Hawaii Revised Statutes, was enacted by Act 252, Session Laws of Hawaii 2000, and was based on the National Association of Insurance Commissioners' Model Act on Life Insurance Replacements (Model Act). The Model Act goes into effect on July 1, 2001. Act 252 inadvertently made several incorrect statutory citations that need to be corrected before July 1, 2001, to maintain uniformity among the other states adopting the Model Act.

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. 593, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 593, 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. 567 Consumer Protection and Commerce on H.B. No. 595

The purpose of this bill is to clarify bond and errors and omissions insurance policy requirements for managing general agents and reinsurance intermediary-managers.

The State Insurance Commissioner of the Department of Commerce and Consumer Affairs submitted comments on the bill. The Hawaii Independent Insurance Agents Association submitted testimony with a concern regarding the bond requirement.

Your Committee finds that under the current statutes, each request for clarification of the bond and errors and omissions insurance policy requirements for managing general agents and reinsurance intermediary-managers, must be considered individually. Clarification of these requirements would reduce the workload of the Insurance Division without weakening consumer protection under the insurance code.

Your Committee has amended this bill by:

- (1) Changing the effective date of this measure to 2050; 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 595, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 568 Consumer Protection and Commerce on H.B. No. 896

The purpose of this bill is to make technical amendments to Act 241, Session Laws of Hawaii 2000, which completely revised Article 9 of the Hawaii's Uniform Commercial Code (Article 9) based on the model adopted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) in 1998.

Testimony in support of this bill was received from Hawaii's Commission to Promote Uniform Legislation.

Your Committee finds that the revision of Article 9 was part of a five-year effort by NCCUSL to incorporate modern commercial changes into the Uniform Commercial Code, a law that was originally drafted in the 1940s and 50s. Because of the complex nature of the project, there were some errors and ambiguities that were not detected until after NCCUSL adopted the revised Article 9 in 1998.

Your Committee further finds that the amendments set forth in this bill will maintain uniformity with NCCUSL's revised Article 9, which has been adopted in twenty-seven other states and the District of Columbia, and which is under consideration in over a dozen legislatures this year.

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. 896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 896, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 569 Consumer Protection and Commerce on H.B. No. 1134

The purpose of this bill is to amend Hawaii's collection agency disclosure requirements by allowing an agency to disclose to the debtor in the initial written and initial oral, as opposed to all communications with the debtor, that the agency is attempting to collect a claim and that any information obtained will be used for that purpose.

Your Committee received testimony in support of this bill from Asset Recovery Group, Bureau of Medical Economics, LTD. Bureau of Consumer Economics, Credit Associates of Maui, Ltd., Credguard Corporation, Hawaiian Collectors Association Inc., Kauai Credit Adjusters, Ltd., Maui Collection Service, Inc., State Wide Collections, Select Consulting Service, Hawaii Financial Services Association, Collection Law Section of the Hawaii State Bar Association, and many private individuals.

The Department of Commerce and Consumer Affairs (DCCA) testified in opposition.

Your Committee finds that this bill, as received, may not be consistent with federal disclosure standards. The federal Fair Debt Collection Practices Act is designed to provide a one-time notice to the consumer about the nature of the claim, the debtor's right to obtain verification of the debt, and the debtor's right to dispute the debt and stop the collection process while the debt is being verified.

Testimony from DCCA indicated that debtors who are contacted by collection agencies are usually familiar with the debt, but may not always recognize the legal name of the creditor because they may have served as a co-obligor on a credit agreement signed many years ago or the debtor may be a victim of erroneous billing. Under such circumstances, it may be easy for debtors to disregard the initial notice as an error. Consistent notice to the debtor that collection efforts are being made will help clarify the process.

Although this bill conforms with federal standards to the extent that it requires notice to the debtor at the time of the initial contact, further amendments are necessary. Noting these concerns, your Committee has amended this measure to, for the most part, mirror the federal disclosure standard and exclude formal legal pleadings. Accordingly, this bill has been amended to:

- (1) Require a collection agency to disclose in subsequent communications that the communication is from a debt collector;
- (2) Provide that the failure of a collection agency to give clear notice in initial written and oral communications, and in subsequent communications, will not apply to a formal pleading made in connection with a legal action; and
- (3) Made other technical, nonsubstantive amendments for 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. 1134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1134, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 570 Consumer Protection and Commerce on H.B. No. 1231

The purpose of this bill is to require mediation between an apartment owner and the condominium's Board of Directors (Board) for disputes involving:

- (1) The interpretation or enforcement of the Association of Apartment Owners' (AOAO) bylaws or house rules;
- (2) Section 514A-82, Hawaii Revised Statutes (HRS), contents of the bylaws;

(3) Section 514A-83, HRS, voting rights of an agreement of sale purchaser; or

(4) Section 514A-84, HRS, management and contracts of a managing agent.

A concerned citizen submitted testimony in support of this bill. The Community Associations Institute submitted testimony in support of the intent of this bill. Hawaii Independent Condominium and Cooperative Owners and the Hawaii Council of Associations of Apartment Owners submitted testimony in support of the intent of this bill with proposed amendments. The Real Estate Commission of the Department of Commerce and Consumer Affairs, Mediation Center of the Pacific, Inc., and a concerned citizen submitted testimony in opposition to this bill.

Your Committee finds that mediation is an appropriate first step in the resolution of disputes between an apartment owner and the Board. It is a relatively inexpensive alternative to the time-consuming and often expensive judicial dispute resolution process, where the Board may use owners' money against the individual owner.

Your Committee further finds that under normal circumstances, mediation is a voluntary process where both sides agree to negotiate in good faith, with the understanding that all negotiations are confidential and cannot be revealed in arbitration or litigation. The bill as drafted, however, challenges these fundamental principles.

Your Committee has amended this measure by:

- (1) Requiring disputes involving the interpretation or enforcement of the AOA's bylaws or house rules to be subject to mediation;
- (2) Deleting the requirement that the Real Estate Commission approve the mediation entity;
- (3) Deleting the requirement that the entity conducting the mediation file a report if the dispute is not resolved in mediation;
- (4) Adding the condition that if a party refuses to participate in mediation, it shall be precluded from being awarded its attorney's fees and costs in any subsequent mediation, arbitration, or legal action concerning that dispute; and
- (5) 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1231, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1231, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 571 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 518

The purpose of this bill is to further restrict the importation of cigarettes that are manufactured outside of the United States that bear the registered United States trademark of a Master Settlement Agreement participant and are not intended for sale in the United States by designating as illegal any package of cigarettes that:

- (1) Bears a brand name that is a registered trademark of a participating manufacturer; and
- (2) Is imported by someone other than the participating manufacturer of that cigarette brand.

This bill also makes it a criminal offense to affix cigarette stamps to the packages of cigarettes that are illegal or altered.

The Department of the Attorney General's submitted testimony in support of this bill. The Tax Foundation of Hawaii submitted comments on this bill.

Your Committees find that this bill is necessary to assure compliance with and enforcement of the prohibition of "gray market" cigarettes.

Your Committees further find that the importation of "gray market" cigarettes requires a sophisticated criminal enterprise that has developed a distribution system to funnel the contraband into the community under the guise of a legitimate stamped product, and must be punished appropriately as a class B felony.

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

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. 518, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 518, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hamakawa, Ahu Isa, Case, Kanoho, Souki and Yoshinaga.

SCRep. 572 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 601

The purpose of this bill is to update Hawaii's trademark law by conforming chapter 482, Hawaii Revised Statutes, to the most recent version of the Model State Trademark Bill.

Currently, Hawaii trademark law provides little more than notice that a mark is registered with the State. This measure provides state trademark holders with a remedy, primarily in the form of increased penalties, for direct infringement as well as for dilution, or the weakening of the distinctive quality of a famous trademark. The measure also includes provisions:

- (1) Describing unregistrable marks; and
- (2) Setting out procedures for trademark registration, cancellation of registration, and assignment.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified in support of this measure.

Your Committees find that the International Trademark Association's Model State Trademark Bill, which has been adopted by 46 states, will better protect trademark holders, promote uniformity with the laws of other states, and facilitate the free flow of commerce between Hawaii and the other states.

Upon closer review of the bill, your Committees corrected a typographical error in the bill's title. As amended, the title of the bill now reads: "A BILL FOR AN ACT RELATING TO TRADE MARKS."

Other technical, nonsubstantive amendments were also made 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. 601, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 601, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hamakawa, Ahu Isa, Case, Kanoho, Souki and Yoshinaga.

SCRep. 573 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 602

The purpose of this bill is to make numerous amendments to the Uniform Securities Act with regard to exempt transactions, service of process, registration, and circuit court appeals.

This measure was proposed by the administration to modernize and clarify the securities laws to:

- (1) Provide greater certainty in the capital formation process involving limited offerings;
- (2) Provide a new transactional exemption that mirrors federal law involving stock options as compensation;
- (3) Make Hawaii's law more uniform with respect to registration requirements for dealers, investment advisers, and their representatives;
- (4) Repeal potentially confusing provisions of the law; and
- (5) Specify that appeals to the Circuit Court from final orders of the Commissioner of Securities will be conducted without a jury and confined to the record rather than be heard de novo.

Testimony in support of the measure was received from the Department of Commerce and Consumer Affairs and the Investment Company Institute.

Your Committees have amended this measure by making technical, nonsubstantive amendments for the purposes of style and clarity.

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. 602, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 602, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hamakawa, Ahu Isa, Case, Kanoho, Souki and Yoshinaga.

SCRep. 574 Water and Land Use on H.B. No. 688

The purpose of this bill is to allow the Commission on Water Resource Management of the Department of Land and Natural Resources (Commission) to base its water resource decision on current information and water use by changing the effective date of "existing uses of water" from July 1, 1987, to the effective date of designation of a Water Management Area.

The Commission, Board of Water Supply of the City and County of Honolulu, Department of Water Supply of the County of Maui, Department of Water of the County of Kauai, Department of Water Supply of the County of Hawaii, Land Use Research Foundation of Hawaii, and Alexander & Baldwin, Inc., provided testimony in support of the measure. The Sierra Club, Hawaii Chapter, and an individual submitted testimony opposing this bill. Hawaii's Thousand Friends recommended holding the bill in committee.

In 1994, the Commission determined that existing water uses would be set at the date of designation in a newly designated Water Management Area. However, the State Supreme Court overruled the Commission and held that the date to determine the "existing uses of water" under the State Water Code shall be July 1, 1987.

Your Committee agrees with the Commission that:

- (1) July 1, 1987, is an arbitrary and therefore inappropriate date;
- (2) Significant water use changes have occurred during the past 14 years;
- (3) Information on existing water uses as of July 1, 1987, is not available for a large percentage of Water Management Areas; and
- (4) Clarifying statutory amendments to the State Water Code are required to insure effective management of our most precious resource.

With respect to a comprehensive review of the State Water Code, the Commission will take the matter under advisement and prior to the Regular Session of 2002, will recommend the time frame that this huge task can be accomplished.

Your Committee discussed, but left for further Commission consideration, the suggestion that the average water use be based on usage over the twelve, rather than the three-month period immediately preceding the filing of an application, to address short-term seasonal fluctuations.

Accordingly, your Committee has passed this measure unamended.

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. 688 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 Ito, Meyer and Thielen.

SCRep. 575 Consumer Protection and Commerce 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 the seven-day cancellation period and disclosure statement requirements under Hawaii's time share law. This bill thus allows the disclosure and rescission requirements of the jurisdiction in which the time share sale occurs, to apply to the out-of-state sale.

Testimony in support of the bill was received from Hilton Grand Vacations Club, Pahio Resorts, the American Resort Development Association, and an attorney. The Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs submitted testimony in opposition to this bill.

Your Committee finds that because of the nature of time share sales, time share projects in one state may be offered for sale in another state. By exempting time share sales conducted in another state from Hawaii's disclosure and rescission requirements, this measure will streamline Hawaii's time share law and eliminate the possibility that consumers will be confronted with conflicting, confusing, and duplicative disclosure documents and rescission rights.

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. 18 and recommends that it pass Third Reading.

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

SCRep. 576 Consumer Protection and Commerce 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.

Testimony in support of this measure was received from Pahio Resorts, Inc., Hilton Grand Vacations Club, American Resort Development Association, All Islands Timeshare Resales, and a law firm representing time share businesses. The Department of Commerce and Consumer Affairs testified in opposition to this measure in the interest of protecting unwary tourists.

Your Committee agrees with the time share industry, that the requirement of wearing identification badges was necessary when there was very little regulation, enforcement of laws, and industry competition. However, the time share industry is presently recognized as an organized segment of the tourism and hospitality industries and that this requirement sets its members apart from other similarly-situated business people by unnecessarily labeling them in a way which denigrates those associated with the time share industry.

Your Committee also finds that no other industry in Hawaii requires its members to wear badges of this sort and that many time share industry members already require a company badge that reflects the name of the resort and the name of the outside public contact personnel.

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. 21 and recommends that it pass Third Reading.

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

SCRep. 577 Finance on H.B. No. 3

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for one full-time, 12-month Student Activities Coordinator position at each public high school.

The Hawaii State Student Council and several individuals submitted testimony in support of this bill. DOE submitted testimony in support of the intent of this bill.

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 H.B. No. 3, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 578 Finance on H.B. No. 94

The purpose of this bill is to encourage the establishment of meaningful partnerships between teachers and parents to ensure student well-being and achievement of performance standards. This bill appropriates funds for:

- (1) The establishment of new Parent-Community Networking Center (PCNC) sites and programs; and
- (2) The enhancement of existing PCNC sites and programs.

The following testified in support of this bill: the principals of Maili Elementary School and Hanalei School; the principals and vice-principals of Pearl Ridge Elementary School and Waiakeawaena Elementary School; parent facilitators at Pearl Ridge Elementary School, Washington Middle School, Lehua Elementary School, Heeia School, Lincoln School, Kapunahala Elementary School, and Hanalei School; seven classroom parents at Kapunahala School; a state office resource teacher; an individual with the Honolulu District PCNC; an individual with Waiakea High School; and a parent. The Department of Education supported the intent of this measure.

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 H.B. No. 94, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 579 Finance on H.B. No. 100

The purpose of this bill is to establish the Hawaii Autism Center of Excellence, within the University of Hawaii at Manoa School of Medicine, to provide services, training, and research related to autism and autism spectrum disorders.

The University of Hawaii at Manoa School of Medicine, Department of Education, Hawaii Psychiatric Medical Association, Nami Oahu, and concerned citizens testified in support of this measure.

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 H.B. No. 100 and recommends that it pass Third Reading.

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

SCRep. 580 Finance on H.B. No. 160

The purpose of this bill is to expand the State's fraudulent claims or qui tam actions law to include the counties.

A City Council member submitted testimony in support of this bill.

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 H.B. No. 160, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 581 Finance 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 specifically, automatic recount and contest procedures.

Advocates for Consumer Rights, Common Cause Hawaii, and the Center for Voting and Democracy submitted testimony in support of this bill. The Office of Elections submitted testimony in support of the intent of this bill.

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 H.B. No. 168, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 582 Finance 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.

The Department of Transportation testified in support of this bill.

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 H.B. No. 216, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 583 Finance on H.B. No. 284

The purpose of this bill is to insure that Hawaii's public school students receive adequate health care services by appropriating funds to the Department of Health (DOH) for thirty full-time registered nurses to be assigned to individual school complexes.

The Hawaii Nurses Association submitted testimony in support of this bill. DOH and the Department of Education submitted testimony in support of the intent of this bill.

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 H.B. No. 284, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 584 Finance on H.B. No. 408

The purpose of this bill is to appropriate funds to study the feasibility of establishing a technology-focused, community-based center in Waialua.

The High Technology Development Corporation, Hui Kalo O Waialua, Friends for Waialua Town, and three concerned citizens testified in support of this bill.

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 H.B. No. 408, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 585 Finance on H.B. No. 429

The purpose of this bill is to appropriate funds for four rehabilitation teachers to teach blindness skills to individuals 55 or older with legal blindness or severe visual impairment to live as independently as possible.

The National Federation of the Blind and two concerned individuals testified in support of this bill. The Department of Human Services commented on the bill.

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 H.B. No. 429 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 586 Finance on H.B. No. 461

The purpose of this bill is to appropriate funds to the counties for the administration of the Parking Permit Program and to issue removable window placards for qualified persons with disabilities.

The City and County of Honolulu, Disability and Communication Access Board, and Advocates for Consumer Rights submitted testimony in support of this bill.

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 H.B. No. 461 and recommends that it pass Third Reading.

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

SCRep. 587 Finance on H.B. No. 462

The purpose of this bill is to conform Hawaii's laws to those used in other states by codifying the Revised Uniform Arbitration Act.

The Judiciary, Hawaii Bankers Association, and Hawaii Commission on Uniform State Laws submitted testimony in support of this bill. The American Council of Life Insurers submitted testimony in opposition to this bill.

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 H.B. No. 462, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 588 Finance on H.B. No. 480

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

The Department of Education and the Hawaii Government Employees Association supported the intent of this bill.

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 H.B. No. 480, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 589 Finance on H.B. No. 487

The purpose of this bill is to ensure the availability of essential information needed to facilitate decision-making about the public school system by requiring that as part of the school-by-school expenditure report, the Department of Education's (DOE) financial analysis of expenditures:

- (1) Use analytical techniques including examining trends, deviation from the norm or average, school-by-school comparison, and costs and benefits; and
- (2) Be expanded to include "program" and "per pupil costs."

The State Auditor testified in support of this measure. DOE opposed this bill.

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 H.B. No. 487 and recommends that it pass Third Reading.

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

SCRep. 590 Finance 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 Attorney General submitted testimony in support of this bill.

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 H.B. No. 513, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 591 Finance on H.B. No. 540

The purpose of this bill is to conform with federal law by requiring the inclusion of at least one resident who is assisted by the Housing and Community Development Corporation of Hawaii (HCDCH), under the federal low-rent public housing or section 8 tenant-based assistance payments program, as a member of the HCDCH Board of Directors.

HCDCH submitted testimony in support of this bill.

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 H.B. No. 540, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 592 Finance on H.B. No. 545

The purpose of this bill is to authorize the issuance of \$30,000,000 in revenue bonds to be deposited into the Rental Housing Trust Fund (RHTF) and to appropriate such funds to carry out the purposes of the RHTF.

The Office of the Governor, Housing and Community Development Corporation of Hawaii, RHTF Advisory Commission, Hawaii State Commission on the Status of Women, City and County of Honolulu, Catholic Charities Elderly Services, Building Industry Association of Hawaii, Hawaii Catholic Conference, Kalihi-Palama Health Center, American Friends Service Committee, and the Affordable Housing and Homeless Alliance testified in support of this bill.

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 H.B. No. 545 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 593 Finance on H.B. No. 546

The purpose of this bill is to allow "owner-builders" to use the value of sweat equity to be applied toward downpayment for their homes under the Downpayment Loan Program.

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

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 H.B. No. 546 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 594 Finance on H.B. No. 600

The purpose of this bill is to update business registration statutes to reflect modern business practices by:

- (1) Reducing certain document filing fees and removing unnecessary burdens on registrants; and
- (2) Clarifying and correcting ambiguities in business registration statutes.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified in support of this measure.

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 H.B. No. 600, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 595 Finance 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 Public Library System submitted testimony in support of this bill.

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 H.B. No. 611, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 596 Finance on H.B. No. 612

The purpose of this bill is make permanent the Enhanced Services Program of the Hawaii State Public Library System (HSPLS) which was established by Act 327, Session Laws of Hawaii 1993.

HSPLS submitted testimony in support of this bill.

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 H.B. No. 612, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 597 Finance on H.B. No. 613

The purpose of this bill is to ensure the efficient allocation of human resources within the Hawaii State Public Library System (HSPLS) by granting the State Librarian the permanent authority to administratively reallocate vacant positions throughout the HSPLS and to establish temporary positions. Without this bill, the State Librarian's current authority will be automatically repealed on June 30, 2002.

HSPLS and ISHL testified in support of this measure. The Hawaii Government Employees Association offered comments.

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 H.B. No. 613 and recommends that it pass Third Reading.

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

SCRep. 598 Finance on H.B. No. 628

The purpose of this bill is to:

- (1) Clarify that higher education board allowances are available to eligible persons who were formerly foster children; and
- (2) Add a third party to the list of allowable recipients of payments of higher education board allowances.

The Department of Human Services and the University of Hawaii testified in support of this bill. Maui Youth and Family Services, Inc. supported the intent of this bill.

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 H.B. No. 628 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 599 Finance on H.B. No. 634

The purpose of this bill is to:

- (1) Expand the scope of the notice requirements for medical assistance recovery in section 346-37, Hawaii Revised Statutes;
- (2) Require that all parties make reasonable inquiry as to whether a claimant has received or is receiving medical assistance; and
- (3) Give timely written notice of any claim or action to the Department of Human Services.

The Department of Human Services supported this bill.

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 H.B. No. 634 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 600 Finance on H.B. No. 637

The purpose of this bill is to encourage the consideration of "Ohana Conferencing" in resolving child protection cases.

The Department of Human Services and two concerned citizens testified in support of this bill.

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 H.B. No. 637 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 601 Finance on H.B. No. 670

The purpose of this bill is to enable the State to receive additional federal funds for federal fiscal years ending in 2000, 2001, and 2002, under the Balanced Budget Act of 1997, by conforming Hawaii's statutory provisions with applicable federal statutes for the administration of the State's unemployment insurance program. These funds are distributed to states whenever the federal Unemployment Trust Fund accounts exceed their statutory ceilings.

The Department of Labor and Industrial Relations testified in support of this bill.

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 H.B. No. 670, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 602 Finance on H.B. No. 676

The purpose of this bill is to strengthen Hawaii's career resource network program by:

- (1) Transferring the responsibility for coordinating the occupational and career information system to the Hawaii Workforce Development Council (WDC); and
- (2) Abolishing the Hawaii State Occupational Information Coordinating Committee.

The Department of Labor and Industrial Relations and WDC testified in support of this measure.

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 H.B. No. 676, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 603 Finance on H.B. No. 699

The purpose of this bill is to protect the privacy of individuals undergoing drug testing by removing the requirement that individuals who are to be tested for substance abuse be given a medication disclosure form.

The Office of the Lieutenant Governor and the Department of Health submitted testimony in support of this bill.

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 H.B. No. 699 and recommends that it pass Third Reading.

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

SCRep. 604 Finance on H.B. No. 953

The purpose of this bill is to require the Legislative Auditor to conduct a management audit of the Public Utilities Commission (Commission) and report its findings to the Governor and the Legislature before the 2002 legislative session.

The Department of Commerce and Consumer Affairs supported the intent of this bill. The Department of Budget and Finance and Hawaii Renewable Energy Alliance commented on this bill.

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 H.B. No. 953 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Davis, Djou, Leong, Moses and Rath.

SCRep. 605 Finance on H.B. No. 1233

The purpose of this bill is to:

- (1) Appropriate funds to the Office of Youth Services (OYS) for youth services centers and for the Hookala diversion lock-up program;
- (2) Expand the responsibilities of youth services centers; and
- (3) Require OYS to submit a report to the Legislature regarding youth services centers.

The Juvenile Justice State Advisory Council, Maui Youth and Family Services, Inc., Boys and Girls Club of Hawaii, The Salvation Army-Family Intervention Services, Susannah Wesley Community Center, Hale Kipa, Inc., Maui Youth and Family Services, Kualoa-Heeia Ecumenical Youth Project, Kalihi YMCA, Hale Opio Kauai, Inc., and Parents and Children Together submitted testimony in support of this bill. OYS submitted testimony in support of the intent of this bill.

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 H.B. No. 1233, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 606 Finance on H.B. No. 1234

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

- (1) Directing QUEST to calculate and withhold from health plan capitalization payments all moneys budgeted for perinatal services including obstetric and other delivery costs;
- (2) Directing QUEST to request state health plans to provide claims paid data on substance abuse and related behavioral health encounter information for the purpose of assessing the feasibility of a substance abuse carve out beginning July 1, 2002;

- (3) Directing the Department of Human Services (DHS) to expand the definition of "enabling services" to include 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.

AlohaCare, Hawaii Primary Care Association, and Waianae Coast Comprehensive Health Center submitted testimony in support of this bill. DHS submitted testimony in opposition to this bill.

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 H.B. No. 1234, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 607 Finance on H.B. No. 1254

The purpose of this bill is to protect Hawaii's groundwater and drinking water by reducing or eliminating methyl tertiary-butyl ether from gasoline in Hawaii.

The Department of Health and Aloha Petroleum, LTD. testified in support intent of this bill.

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 H.B. No. 1254, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 608 Finance on H.B. No. 1399

The purpose of this bill is to appropriate funds for the Attorney General (AG) to appoint two special deputy attorneys general to defend the State in Carroll v. Nakatani, Civil No. 00-00641, and Barrett v. State of Hawaii and Governor Benjamin Cayetano, Civil No. 00-00645, which are pending in the United States District Court. These two cases challenge the constitutionality of Article XII of the Hawaii State Constitution, the Office of Hawaiian Affairs, and the Department of Hawaiian Home Lands.

The Oahu Council of the Association of Hawaiian Civic Clubs submitted testimony in support of this bill. The AG and the Department of Hawaiian Home Lands submitted testimony in support of the intent of this bill.

An individual testified in opposition.

The Office of Hawaiian Affairs submitted comments.

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 H.B. No. 1399, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 609 Finance on H.B. No. 14

The purpose of this bill is to address the need for clerical support resulting from a substantial increase in work performed by school personnel by appropriating funds to the Department of Education for 312 full-time equivalent, temporary, school clerical positions to partially implement the recommendations of the *School and Office Clerical Staffing Study*.

The Department of Education and Hawaii Government Employees Association testified in support of the intent of this bill. Hawaii School Office Services Association and a concerned individual submitted testimony in support of this bill.

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 H.B. No. 14, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 610 Finance on H.B. No. 210

The purpose of this bill is to:

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

The College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa, HARC, Hawaii Farm Bureau Federation, Hawaii Forest Industry Association, Pineapple Growers Association of Hawaii, Gay and Robinson, Inc., Hawaii Crop

Improvement Association, and an individual submitted testimony in support of this bill. DOA submitted testimony in support of the intent of this bill.

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 H.B. No. 210, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 611 Finance on H.B. No. 336

The purpose of this bill is to increase the income tax credit for contributions to Individual Development Accounts from fifty percent to one hundred percent of the amount contributed for taxable years beginning after December 31, 2000, and before January 1, 2005.

Bank of Hawaii, Hawaii Alliance for Community-Based Economic Development, Parents and Children Together, Waimanalo Community Development Corporation, Samoan Service Providers Association, and Alu Like, Inc., submitted testimony in support of this bill. The Department of Taxation submitted testimony in opposition to this bill. Tax Foundation of Hawaii submitted comments on this bill.

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 H.B. No. 336 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 612 Finance on H.B. No. 444

The purpose of this bill is to:

- (1) Authorize the Department of Land and Natural Resources (DLNR) to execute a mitigation plan when burial sites are inadvertently uncovered, upon request by the landowner, permittee, or developer; provided that bids from at least two other prequalified archaeological firms are solicited; and
- (2) Charge a fee for execution of the plan.

DLNR and a concerned citizen testified in support of this measure.

The Environmental Center of the University of Hawaii at Manoa submitted comments.

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 H.B. No. 444, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 613 Finance on H.B. No. 514

The purpose of this bill is to allow the Attorney General (AG) to assign deputies who are not paid through the department's budget to areas of need, thereby equalizing the workload among all deputy attorneys general.

The AG submitted testimony in support of this bill.

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 H.B. No. 514, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 614 Finance 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 reference of "assisted technology equipment" to "assistive technology equipment" with regard to eligible service businesses in enterprise zones; and
- (3) Eliminate the enterprise zone use tax exemption.

The Department of Taxation, Department of Business, Economic Development, and Tourism, and Apollo Energy Corporation submitted testimony in support of this bill. The County of Kauai, Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and Hawaii Renewable Energy Alliance submitted testimony in support of the intent of this bill. Tax Foundation of Hawaii submitted comments on this bill.

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 H.B. No. 549, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 615 Finance on H.B. No. 550

The purpose of this bill is to spur the development of housing in the State by:

- (1) Authorizing the Housing and Community Development Corporation of Hawaii (HCDCH) in coordination with the respective counties to establish affordable housing requirements for undeveloped parcels in the Villages of Kapolei, Oahu; Villages of Leialii, Maui; and Villages of Laipua, Hawaii; and
- (2) Waiving the affordable housing ratio imposed by Act 15, Session laws of Hawaii 1988, for the undeveloped parcels.

The Special Assistant to the Governor for Housing and HCDCH submitted testimony in support of the bill.

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 H.B. No. 550 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 616 Finance on H.B. No. 599

The purpose of this bill is to conform Hawaii's nonprofit corporations law to the most recent version of the Model Nonprofit Corporations Act.

The Department of Commerce and Consumer Affairs' Business Registration Division submitted testimony in support of this bill.

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 H.B. No. 599, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 617 Finance 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. This chapter established the now-defunct and unfunded Hawaii Information Network Corporation.

The Office of the Lieutenant Governor and the Department of Budget and Finance submitted testimony in support of this bill.

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 H.B. No. 697 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 618 Finance on H.B. No. 709

The purpose of this bill is to:

- (1) Appropriate funds to compensate crime victims, their families, or their service providers; and
- (2) Require the Crime Victim Compensation Commission (CVCC) to submit a report on efforts to collect fees and status of the Crime Victim Compensation Special Fund to the Legislature prior to the convening of the Regular Session of 2002.

The Department of the Prosecuting Attorney of the City and County of Honolulu and CVCC testified in support of this measure.

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 H.B. No. 709, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 619 Finance on H.B. No. 1001

The purpose of this bill is to eliminate the \$10 fee and other costs imposed by the state circuit and district courts for the issuance of a garnishment order.

The Judiciary testified in support of this measure.

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 H.B. No. 1001 and recommends that it pass Third Reading.

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

SCRep. 620 Finance on H.B. No. 1243

The purpose of this bill is to amend captive insurance laws by allowing one or more sponsors to form a leased capital facility to insure solely the risks of its participants.

More specifically, the risks of participants are to be insured through participant contracts that segregate each participant of related participants' liabilities through one or more protected cells. The bill also specifies financial and operational requirements for leased capital facilities.

The Department of Commerce and Consumer Affairs, Marsh Management Services, Inc., Becher and Carlson Risk Management, Inc., and two individuals submitted testimony in support of this bill.

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 H.B. No. 1243, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 621 Finance on H.B. No. 1345

The purpose of this bill is to encourage the use of non-fossil transportation fuels 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 calculating one-half of their lower heating value.

The Gas Company and Pacific Biodiesel, Inc., submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism submitted testimony in support of the intent of this bill. The Department of Taxation and Tax Foundation of Hawaii submitted comments on this bill.

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 H.B. No. 1345, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 622 Finance on H.B. No. 1554

The purpose of this bill is to:

- (1) Establish a public/private partnership within the Department of Business, Economic Development, and Tourism (DBEDT) to support and promote hydrogen use in Hawaii's energy economy; and
- (2) Appropriate funds for hydrogen research and development as matching funds to federal and private sector funding.

The University of Hawaii, County of Hawaii, County of Kauai, Gas Company, Hawaii Renewable Energy Alliance, and Hydrogen Renewable Energy Enterprise, LLC, submitted testimony in support of this bill. DBEDT, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company submitted testimony in support of the intent of this bill.

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 H.B. No. 1554, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 623 Finance on H.B. No. 1668

The purpose of this bill is to address the State's teacher shortage by:

- (1) Allowing the Department of Education (DOE) to employ retired teachers in teacher shortage areas and as mentors for new classroom teachers from July 1, 2001, to July 1, 2005;
- (2) Enabling the retired teachers to continue receiving normal retirement benefits without penalty, but prohibiting them from earning additional retirement service credit; and
- (3) Requiring teachers to have been retired three calendar years to qualify.

DOE, Hawaii State Teachers Association, Hawaii Association of Independent Schools, Hawaii Congress of Parents, Teachers and Students, and the Hawaii Business Roundtable testified in support of this measure. The Office of the Lieutenant Governor submitted comments.

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 H.B. No. 1668, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 624 Finance on H.B. No. 1686

The purpose of this bill is to:

- (1) Improve the State's harbors to enable Rainbow Island Express, a private ferry service, to operate inter-island and intra-island; and
- (2) Authorize the Department of Transportation (DOT), with the approval of the Governor, to issue special facility revenue bonds;

Two Maui County Council members submitted testimony in support of this measure. DOT supported the intent of this measure.

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 H.B. No. 1686, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 625 Water and Land Use on H.C.R. No. 11

The purpose of this resolution is to obtain the prior approval of the Legislature to permit the sale of a lease, at public auction, of submerged lands located at Duke Kahanamoku Beach at Waikiki for pier purposes.

Your Committee received testimony in support of this resolution from the Board of Land and Natural Resources and a citizen recreational boater.

Your Committee received testimony in opposition to this measure from Hawaii's Thousand Friends that expressed the concern that the lease of the submerged lands and pier should not exclude use by the public. It urged that the lease contain provisions also allowing the general public use of the pier and submerged lands.

Your Committee finds that the pier has evolved to include multi-purpose uses that were not originally intended when the revocable permit was issued. These current uses have added value to the lease and your Committee finds that the submerged lands and pier should be disposed of, as provided by law, on a long-term basis.

Your Committee received testimony that income from the revocable permit, pertaining to the submerged lands and Duke Kahanamoku Beach, is deposited to the land division special fund. And, that the boating special fund is charged with the expense of caring for the waterfront area and the law enforcement in that area, but is not reimbursed from the land division special fund receiving the lease income. After full consideration, your Committee is satisfied that the land division special fund is the appropriate fund to receive the lease income, rather than the boating special fund; and that prior legislative approval be granted for the sale of a lease, at public auction, of the subject submerged lands.

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 concurs with the intent and purpose of H.C.R. No. 11 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Bukoski, Meyer and Thielen.

SCRep. 626 Water and Land Use on H.C.R. No. 12

The purpose of this House Concurrent Resolution is to provide legislative review and disapproval of the land exchange between the State of Hawaii and Mauna Kea Agribusiness.

The land exchange was finalized between the State of Hawaii and Mauna Kea Agribusiness Co., Inc. to improve traffic safety at Haaheo Elementary School, South Hilo, Hawaii. Mauna Kea Agribusiness Co., in turn sought ownership of a parcel in a location the State had determined to be unsuitable for development.

The Board of Land and Natural Resources preliminarily approved the exchange of properties on March 24, 1994, with final approval made on December 16, 1994.

The committee noted and the Department explained that Mauna Kea Agribusiness paid the state the sum of \$8,000 representing the difference in valuation between the two parcels.

The committee did not find any reason to disapprove the land exchange and passed this measure unamended.

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 concurs with the intent and purpose of H.C.R. No. 12 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Bukoski, Meyer and Thielen.

SCRep. 627 Water and Land Use on H.C.R. No. 13

The purpose of this House Concurrent Resolution is to authorize the Board of Land and Natural Resources to sell an easement covering a portion of submerged lands at Lahaina, Maui as required under section 171-53, Hawaii Revised Statutes.

In 1988, Patrick J. Ballenger and Mariana Von Blom, requested an after-the-fact approval for a concrete pier and deck which encroached over State submerged lands at Lahaina.

In 1989, the Board of Land and Natural Resources approved both a Conservation District Use Application and the issuance of a term, non-exclusive easement for the State submerged lands.

The Board of Land and Natural Resources testified in support of this measure while the Office of Hawaiian Affairs offered written testimony in opposition to this resolution.

The unamended passage of this concurrent resolution indicates your committee's approval of the sale. (The department will subsequently provide information relative to retroactive payments.)

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 concurs with the intent and purpose of H.C.R. No. 13 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Bukoski, Meyer and Thielen.

SCRep. 628 Consumer Protection and Commerce on H.B. No. 1587

The purpose of this bill is to require 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 agency.

Testimony in support of the bill was received by SHPDA.

Your Committee finds that existing statutes are inconsistent in that the acquisition of a nonprofit private hospital may not require the approval of SHPDA, but requires approval of the application to purchase by the Attorney General. This bill clarifies that SHPDA approval is also required.

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. 1587 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 629 Finance on H.B. No. 144

The purpose of this bill is to:

- (1) Enable the Kahoolawe Island Reserve Commission (KIRC) to solicit and accept grants, donations, and contributions;
- (2) Rename KIRC's trust account to the Kahoolawe Rehabilitation Trust Fund (Trust Fund);
- (3) Clarify that moneys received from fundraising and nongovernmental sources may be deposited into the Trust Fund;
- (4) Remove the repeal date from the Trust Fund;
- (5) Provide that all funds be transferred to the general fund should the Trust Fund be terminated; and
- (6) Require KIRC to submit an annual report on the status of the Trust Fund.

The Office of Hawaiian Affairs and KIRC testified in support of this measure.

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 H.B. No. 144 and recommends that it pass Third Reading.

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

SCRep. 630 Finance on H.B. No. 505

The purpose of this bill is to make any transfer of land, property, or facilities of the Ala Wai Golf Course from the City and County of Honolulu to the State by executive order subject to legislative disapproval.

The Board of Public Golf Courses and an individual submitted testimony in support of this bill.

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 H.B. No. 505, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 631 Finance on H.B. No. 708

The purpose of this bill is to:

- (1) Establish the Federal Reimbursement Maximization Special Fund under the Department of Public Safety to retain federal funding for the State Criminal Alien Assistance Program; and
- (2) Authorize an appropriation from the Federal Reimbursement Maximization Special Fund.

The Department of Public Safety testified in support of this bill.

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 H.B. No. 708 and recommends that it pass Third Reading.

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

SCRep. 632 Finance on H.B. No. 962

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

The Department of Public Safety, Department of the Attorney General, Corrections Population Management Commission, Office of the Public Defender, Police Department of the County of Maui, Honolulu Police Department, Department of the Prosecuting Attorney of the City and County of Honolulu, Department of the Prosecuting Attorney of the County of Maui, ACLU of Hawaii, TJ Mahoney & Associates, and three concerned citizens testified in support of this bill. The Judiciary supported the intent of this bill.

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 H.B. No. 962 and recommends that it pass Third Reading.

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

SCRep. 633 Finance on H.B. No. 996

The purpose of this bill is to establish additional resources for the prevention and treatment of offenders with substance abuse problems by repealing the sunset date of the Drug Demand Reduction Assessments Special Fund.

The Department of Health and the Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of this bill. The Judiciary supported the intent of the bill.

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 H.B. No. 996 and recommends that it pass Third Reading.

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

SCRep. 634 Finance 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 allows the State to assess taxes on wireless services as of August 1, 2002.

Verizon Wireless, VoiceStream, and AT&T testified in support of this measure. The Department of Taxation supported the intent of this measure. The Tax Foundation of Hawaii submitted comments.

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 H.B. No. 1684, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 635 Finance on H.B. No. 98

The purpose of this bill is to establish a comprehensive school health program to:

- (1) Provide children and adolescents access to quality, affordable health care in a non-threatening environment;
- (2) Encourage students to seek health care when needed; and
- (3) Provide school-based mental health services as required by the Felix Consent Decree.

The Department of Education, Department of Health, and Maui Youth and Family Service, Inc. testified in support of this measure.

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 H.B. No. 98, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 636 Finance on H.B. No. 186

The purpose of this bill is to appropriate an unspecified amount to be matched on a dollar-for-dollar basis by the Office of Hawaiian Affairs to establish a comprehensive information system for inventorying and maintaining information about the lands of the public land trust, as required by Act 125, Session Laws of Hawaii 2000.

The Office of Hawaiian Affairs submitted testimony in support of this bill. The State Auditor submitted testimony in support of the intent of this bill.

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 H.B. No. 186 and recommends that it pass Third Reading.

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

SCRep. 637 Finance on H.B. No. 508

The purpose of this bill is to amend chapter 167, Hawaii Revised Statutes, Irrigation Water Development, to allow irrigation projects to be more efficiently administered by:

- (1) Coordinating the acreage assessment date with the fiscal year, to allow coordinated administration of the system budget and system revenues;
- (2) Allowing the use of more cost effective means of issuing notices to land occupiers of assessments and the payment due date.

Testimony in support of this measure was received from the Department of Agriculture.

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 H.B. No. 508 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 638 Finance on H.B. No. 539

The purpose of this bill is to establish Resident Advisory Boards in federal public housing projects, to involve:

- (1) Federal public housing residents; and
- (2) Section 8 tenant-based housing assistance recipients, in the development of the Housing and Community Development Corporation of Hawaii's (HCDCH) Public Housing Agency Plan and any significant amendments or modifications to that plan.

HCDCH testified in support of this measure.

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 H.B. No. 539, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 639 Finance on H.B. No. 543

The purpose of this bill is to eliminate redundant audits by:

- (1) Removing the requirement that the Housing and Community Development Corporation of Hawaii (HCDCH) conduct an independent compliance audit of homeless program service providers who have contracts with the State;

(2) Authorizing HCDCH to accept the results of audits performed by independent auditors that have been contracted by service providers; and

(3) Removing the requirement that copies of the independent audits be submitted to the Director of Finance, President of the Senate, and Speaker of the House of Representatives.

HCDCH, Institute for Human Services, Inc., Kalihi-Palama Health Center, and the Affordable Housing and Homeless Alliance submitted testimony in support of this bill.

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 H.B. No. 543 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 640 Finance on H.B. No. 583

The purpose of this bill is to help streamline the regulation of financial institutions in the State by:

(1) Correcting portions of the Code of Financial Institutions (Code) to make them consistent with recent amendments; and

(2) Clarifying other sections of the Code relating to:

(A) The power of the Commissioner of Financial Institutions to expedite emergency applications and to subpoena witnesses;

(B) The grounds for removal of institution-affiliated persons and the grounds for revocation or suspension of a charter or license; and

(C) The administering of more uniform application procedures imposed on all institutions.

The Department of Commerce and Consumer Affairs testified in support of this measure.

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 H.B. No. 583, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 641 Finance on H.B. No. 604

The purpose of this bill is to remove the requirement that only national guard members who are residents of the State are eligible for tuition assistance at the University of Hawaii (UH).

UH and the State Adjutant General submitted testimony in support of this bill.

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 H.B. No. 604 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 642 Finance on H.B. No. 698

The purpose of this bill is to reduce regulatory burden by repealing the Hawaii Environmental Disclosure Law (chapter 343D, Hawaii Revised Statutes), that was enacted in 1982 to alert the public of major corporate changes, particularly in the agricultural industry. Since then, only 12 disclosure statements have been filed.

The Office of the Lieutenant Governor, Office of Environmental Quality Control, and a concerned citizen testified in support of this measure.

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 H.B. No. 698 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 643 Finance on H.B. No. 740

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

The Department of Business, Economic Development, and Tourism, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., testified in support of this bill. The Public Utilities Commission and Kauai Electric supported the intent of this bill. Life of the Land submitted comments.

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 H.B. No. 740, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 644 Finance on H.B. No. 1028

The purpose of this bill is to appropriate funds for a Model United Nations Program for high school students.

The Representative from the 4th District testified in support of this bill. The Department of Education supported the intent of this bill.

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 H.B. No. 1028, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 645 Finance on H.B. No. 1281

The purpose of this bill is to encourage the use of nonpetroleum fuel by providing that the state and counties give preference to bidders using or selling bio-based oils when purchasing fuel.

The Office of Environmental Quality Control, Department of Health, and a concerned citizen testified in support of this measure. The Department of Business, Economic Development, and Tourism, State Procurement Office, and Hawaii Automotive Repair and Gasoline Dealers Association supported the intent of this measure.

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 H.B. No. 1281, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 646 Finance on H.B. No. 1309

The purpose of this bill is to:

- (1) Increase the amount of special purpose revenue bonds (SPRBs) originally authorized by Act 208, Session Laws of Hawaii 2000, for a chilled water cooling system for the downtown Honolulu business district; and
- (2) Extend the SPRB authorization period by an additional year.

The Department of Business, Economic Development, and Tourism testified in support of this bill.

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 H.B. No. 1309 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 647 Finance on H.B. No. 1411

The purpose of this bill is to authorize the Secondary Market Service Corp.--Hawaii to be established and operated exclusively for the purpose of acquiring student loan notes under the Federal Higher Education Act of 1965, as amended.

The University of Hawaii, Hawaii USA Federal Credit Union, USA Group Secondary Market Services-Hawaii, American Savings Bank, and Pacific Financial Aid Association testified in support of this measure.

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 H.B. No. 1411 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 648 Finance on H.B. No. 1556

The purpose of this bill is to amend chapter 155, Hawaii Revised Statutes, Agricultural Loans, to increase loan limits on class A and class C agricultural loans from \$400,000 to \$800,000.

The Department of Agriculture, Pineapple Growers Association of Hawaii, and Meadow Gold Dairies testified in support of this bill.

Your Committee finds that this measure will increase the flexibility of the State's agricultural loan program and provide greater opportunities for companies that are participating in the transition from large plantation farming to smaller, entrepreneurial farming.

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 H.B. No. 1556 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 649 Finance 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 and implemented by an appropriate nonprofit organization.

The Hawaii Alliance for Community-Based Economic Development, Samoan Service Providers Association, Molokai Community Service Council, Nanakuli Neighborhood Housing Services, Inc., and Pacific Gateway Center submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent of this bill.

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 H.B. No. 1636, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 650 Finance on H.B. No. 728

The purpose of this bill is to allow the Airports Division of the Department of Transportation more flexibility to develop lands and facilities, primarily with regard to leasing airport property.

The Department of Transportation testified in support of this measure.

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 H.B. No. 728 and recommends that it pass Third Reading.

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

SCRep. 651 Finance 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 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.

The Office of Hawaiian Affairs and Aha Punana Leo submitted testimony in support of this bill. The College submitted testimony in support of the intent of this bill.

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 H.B. No. 159, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 652 Finance on H.B. No. 563

The purpose of this bill is to clarify 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 testified in support of this bill.

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 H.B. No. 563 and recommends that it pass Third Reading.

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

SCRep. 653 Finance on H.B. No. 693

The purpose of this bill is to revise the land recording requirements to facilitate the recording process in the Bureau of Conveyances.

The Board of Land and Natural Resources testified in support of this bill.

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 H.B. No. 693 and recommends that it pass Third Reading.

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

SCRep. 654 Finance on H.B. No. 735

The purpose of this bill is to require the Research Corporation of the University of Hawaii (RCUH) to submit their audited financial statement and total amount of payroll and other disbursements made as part of the annual report to the Governor and the Legislature.

RCUH submitted testimony in support of this bill.

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 H.B. No. 735 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 655 Finance on H.B. No. 946

The purpose of this bill is to ensure that the Pearl City High School Cultural Center (Center) is adequately maintained by:

- (1) Establishing a reserve account that would provide the Center with a steady source of revenues; and
- (2) Designating an unspecified percentage of the moneys derived from operating this school-run business venture to be deposited into the reserve account to repair and maintain the Center.

This bill also requires the Director of Finance to transfer an unspecified amount from the reserve account to the state general fund.

The Department of Education testified in support of this measure.

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 H.B. No. 946 and recommends that it pass Third Reading.

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

SCRep. 656 Finance on H.B. No. 1138

The purpose of this bill is to require the establishment of a system for tracking and monitoring the annual reports submitted to the Legislature by various agencies. More specifically, this bill:

- (1) Requires the Legislative Reference Bureau (LRB) to establish a system to track and monitor reports to the Legislature mandated by law or requested through legislative resolutions;
- (2) Requires LRB to coordinate and oversee the distribution of summaries or highlights of reports to all legislators;
- (3) Allows LRB to develop formats and guidelines for the publication of reports to facilitate tracking and monitoring system; and
- (4) Establishes requirements for submission of reports and summaries including posting reports on agencies' websites and submission of summaries and highlights to LRB for distribution.

LRB submitted testimony in support of this bill.

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 H.B. No. 1138 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 657 Finance on H.B. No. 1357

The purpose of this bill is to appropriate funds from the Hawaii Organ and Tissue Education Special Fund to the Organ Center of Hawaii.

The Hawaii Coalition on Donation and an individual submitted testimony in support of this bill. The Department of Health submitted testimony in support of the intent of this bill.

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 H.B. No. 1357, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 658 Judiciary and Hawaiian Affairs on H.B. No. 531

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

Supportive testimony was submitted by the Department of the Attorney General, and the Department of Land and Natural Resources. The Hawaii Bankers Association opposed the measure as received, but offered amendments.

Invalid instruments that purport to affect the property interests of various people are instruments that have no basis in fact or in law and have a seriously disruptive effect on property interests and title. Invalid liens appearing on title searches and other disclosures are costly and time-consuming to expunge. When they appear, they obstruct a property owner's ability to transfer title or obtain title insurance and financing.

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. 531 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 659 Judiciary and Hawaiian Affairs 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.

Testimony in support of this measure was submitted by Street Bikers United-Hawaii, Carr's Insurance Agency, William F. Jones Insurance Agency, and numerous members of the military. The Department of Transportation submitted testimony supporting the intent of the bill but asking that the bill be held, as unnecessary.

As the result of recommendations of a blue ribbon panel of national motorcycle safety experts, the State will be establishing administrative rules for motorcycle operator education programs that are expected to address the concerns expressed by proponents of this bill. However, these rules are not yet in place.

Several of those testifying stated that there is no difference in the curriculum between the military course and the state program. In addition, the instructors of both programs are certified by the same organization, the Motorcycle Safety Foundation. Your Committee finds that persons who complete motorcycle education courses conducted by the military should not be compelled to attend another class merely because it is operated by the State.

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. 824 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 660 Consumer Protection and Commerce on H.B. No. 204

The purpose of this bill is to allow better representation of association members in the election of board members of planned community associations by:

- (1) Restricting the use of proxies at annual meetings at which directors are elected to quorum purposes and matters other than the election;
- (2) Providing procedures for the election of directors including solicitation of nominations and mailing of ballots and statements of nominees to members of the association; and
- (3) Providing that a plurality of votes cast in the election shall determine the winner or winners.

Five concerned citizens testified in support of the bill. One concerned citizen testified in support of the bill with suggested amendments. Another concerned citizen testified in support of the intent of the bill but opposed it as written. The Hawaii Chapter of the Community Associations Institute submitted testimony in opposition to the bill.

As the law currently exists, the board may vote proxies of planned community association members when electing directors. This concentration of votes in the hands of sitting directors minimizes the ability of a member with different views from the board to be elected.

Your Committee finds that legitimate concerns were expressed regarding the fair representation of planned community association members by their board of directors. Your Committee has amended the bill by:

- (1) Specifying that proxy voting restrictions apply to annual meetings and not a "specified meeting";
- (2) Changing the bill's effective date to January 1, 2050, to allow investigation, discussion, and resolution of the issues raised; 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 204, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 661 Consumer Protection and Commerce on H.B. No. 271

The purpose of this bill is to:

- (1) Allow the motor vehicle rental industry to receive commissions calculated in part from the sale of collision damage waivers; and
- (2) Require each lessor to report on its compensation plan for employees who assist or direct the sale of collision damage waivers.

Catralla submitted testimony in support of the intent of the bill and suggested amendments. Testimony in opposition to the bill was received from the Department of Commerce and Consumer Affairs.

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

Related disclosure law, which required a boldface plain language description of the scope, optional nature, and cost of the collision damage waiver, as well as of the possibility that the lessee might already be covered by the lessee's personal automobile policy, had only been in existence since 1988.

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

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

Your Committee has amended this bill by:

- (1) Deleting the provision requiring each lessor to report on its compensation plan for employees who assist or direct the sale of collision damage waivers;
- (2) Changing the effective date to January, 2050; and
- (3) Making technical, nonsubstantive amendments for style and clarity.

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. 271, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 271, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 662 Consumer Protection and Commerce on H.B. No. 761

The purpose of this bill is to exempt unaccredited institutions from certain disclosure requirements, when they comply with all state and federal tax laws, as well as requirements that include having 25 students in Hawaii, and an employee residing in the State.

Testimony in support of the intent of this bill was received from a concerned individual. Testimony in opposition to this bill was received from the Department of Commerce and Consumer Affairs, the Chamber of Commerce of Hawaii, the University of Hawaii, and the University of Phoenix.

Your Committee finds that in 1999, the Legislature made significant amendments to the unaccredited institutions law to more closely regulate non-legitimate unaccredited institutions, or "diploma mills." Since then, several institutions fitting the description of "diploma mill" have stated that they would not set up operations in Hawaii because of these new statutory requirements.

Your Committee further finds that Hawaii remains unique among the states in that it does not license, register, or otherwise evaluate the quality of a school's curriculum as a condition of doing business here. Instead, the law is based almost entirely on disclosure and "let the buyer beware." Because there is no regulatory oversight of unaccredited schools other than disclosure requirements, the State has adopted some disclosures that may not be required in other states.

Your Committee has amended this bill by deleting its contents and replacing it with provisions allowing unaccredited institutions to make an abbreviated disclosure in connection with promotional materials in periodicals published by an unaffiliated person or entity.

Your Committee finds that as amended, this bill will take a small but significant step in the direction of relieving legitimate local organizations of the burden of placing an overpowering disclaimer in their advertising, while maintaining the mission of protecting the public against the proliferation of "diploma mills."

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. 761, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 761, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 663 Consumer Protection and Commerce on H.B. No. 1173

The purpose of this bill is to:

- (1) Eliminate the necessity for county issuance of business licenses for the operation of lodging or tenement houses, hotels, and boardinghouses; and
- (2) Repeal the \$10 annual license fee.

Testimony in support of this measure was received from the City and County of Honolulu and the Hawaii Hotel Association.

Your Committee finds that lodging or tenement houses, hotels, and boarding houses must comply with health, building, and zoning regulations and codes, and are regulated by both the state Department of Health and the county departments responsible for regulating building and zoning codes. Requiring a county business license in addition to this regulatory oversight is unnecessary, and is eliminated by this bill.

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. 1173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1173, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 664 Consumer Protection and Commerce on H.B. No. 1552

The purpose of this bill is to clarify the applicability of a time share plan to various statutory provisions by:

- (1) Excluding time share plans from the definition of "planned community";
- (2) Providing that a sale of a time share plan is not a "door-to-door sale" transaction; and
- (3) Excluding the indebtedness on a lien secured by a time share interest from the usury statute.

Testimony in support of this bill was received from Pahio Resorts, Inc. The Department of Commerce and Consumer Affairs, American Resort Development Association of Hawaii, and an individual submitted comments on the bill.

Your Committee finds that this measure clarifies various statutory provisions, which were not meant to include time share projects. The suggested modifications would provide that certain laws pertaining to other activities or types of properties would not apply to time sharing and time share projects.

Your Committee further finds that in some time share plans, the buyer receives a deed of real estate interest. A buyer who needs financing signs a note and mortgage. Under chapter 478, Hawaii Revised Statutes, there is no usury limit on mortgage loans. In other time share plans, the buyers do not receive a deed, instead, the owners association owns the real estate. Buyers purchase a membership in the owners association and this membership entitles them to use the real estate. There is no usury exemption for time share plans.

Your Committee has amended this bill by:

- (1) Deleting the proposed amendments to the "door-to-door sales" section;
- (2) Excluding time share secured indebtedness from the usury statute, if it is not otherwise governed by other sections of the usury statute, and the interest rate does not exceed 18 percent per year; and
- (3) 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1552, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1552, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 665 Judiciary and Hawaiian Affairs on H.B. No. 1115

The purpose of this bill is to amend Hawaii law regarding the admissibility of paid bills in court. The bill provides that in civil proceedings, a paid bill for goods or services shall be admissible to prove its authenticity without the testimony of the provider, and that the charges thereon are fair, reasonable, and appropriate.

Testimony in support of this measure was submitted by the Consumer Lawyers of Hawaii. The Judiciary provided comments.

Your Committee finds that this bill will save both time and judicial resources in civil proceedings by eliminating the need for goods or service providers to authenticate bills admitted in court. The bill achieves an appropriate balance between judicial economy and fairness to the non-admitting party. For example, the proposed rule would not eliminate the need to prove either the existence of a health condition or the necessity of providing health care. In addition, the rule would not limit the right of a party to summon or examine a witness, or otherwise engage in discovery.

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. 1115 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 Ahu Isa, Case, Chang, Souki, Yoshinaga and Whalen.

SCRep. 666 Judiciary and Hawaiian Affairs on H.B. No. 384

The purpose of this bill is to clarify that indecent exposure and open lewdness are not prohibited in any place set aside for that purpose by the counties.

For purposes of facilitating review and comment, your Committee circulated a proposed H.D. 1 version of this bill prior to public hearing. The proposed H.D.1 authorizes a principal and a principal's agent to use force for the maintenance of reasonable discipline in a school, class, or other group, or at department-supervised activities held on or off school property.

This bill will allow school personnel other than teachers, such as principals, security personnel, and administrative staff to use reasonable force when it is warranted. Examples of warranted use of force include:

- (1) When a counselor breaks up a fight between students; and
- (2) When school personnel subdue and detain a student who has committed a crime on the school grounds or at an off-campus, school-authorized event until such time as law enforcement officials arrive at the scene.

In supporting the proposed draft, the Board of Education testified that this bill is necessary to ensure that school personnel take appropriate action when confronted with potentially dangerous or serious disciplinary situations.

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. 384, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 384, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 667 Judiciary and Hawaiian Affairs on H.B. No. 321

The purpose of the bill is to allow the administrator of the narcotics enforcement division to share information from the electronic prescription accountability system with "dispensers" if the information relates to the dispenser's own patients.

Your Committee received comments from the Department of Public Safety.

Your Committee finds that the matter of dispensers is already addressed in the statutes. However, the matter of pharmacists is not covered and should be addressed concerning requests for prescription information on customers and possible violations of chapter 329, Hawaii Revised Statutes.

Your Committee has amended this bill by:

- (1) Deleting references to dispensers and substituting comparable references with pharmacists; and
- (2) 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 321, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 321, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 668 Judiciary and Hawaiian Affairs on H.B. No. 703

The purpose of the bill is to:

- (1) Create a definition of "controlled substances analogues" that would treat substances similar in chemical structure or physical effect to a regulated controlled substance as if it were a controlled substance without specific legislative approval;
- (2) Define "locum tenens practitioner";
- (3) Allow the Department of Public Safety to change the schedule of controlled substances by rulemaking instead of legislative approval;
- (4) Amend the schedule of controlled substances to reflect recent changes in the schedule of federal controlled substances;
- (5) Raise penalties under section 329-65, Hawaii Revised Statutes (HRS);
- (6) Make it unlawful for any person to obtain by deceit any controlled substances listed under section 329-61, HRS, or procure or attempt to procure by deceit those substances; and
- (7) Require "patient's address and the date the prescription is issued" as information to be transmitted electronically to the department's electronic prescription accountability system.

Your Committee received testimony in support of the measure from the Department of Public Safety. Your Committee received testimony in opposition to the measure from the Office of the Public Defender.

Your Committee finds that there would be improper delegation of legislative authority to the Executive branch of government by:

- (1) Allowing the use of a category of "controlled substance analogue" to automatically put substances onto the list of controlled substance; and
- (2) Allowing the Department of Public Safety to change the schedule of controlled substances by rulemaking and without legislative approval.

Your Committee further finds that there is no indication as to the need to raise the present penalties for violation of the proscriptions on controlled substances.

Your Committee amended this bill by:

- (1) Deleting references to "controlled substance analogue";
- (2) Deleting provisions to allow scheduling of controlled substances by rulemaking and without legislative approval;
- (3) Deleting provisions increasing penalties under section 329-65, HRS; and
- (4) Making technical and nonsubstantive changes for the purpose 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. 703, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 703, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 669 Judiciary and Hawaiian Affairs on H.B. No. 1526

The purpose of the bill is to authorize counties to enact and enforce ordinances relating to dangerous dogs and to grandfather existing ordinances.

Your Committee received testimony in support of the measure from the City and County of Honolulu, a City Council member, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Hawaiian Humane Society, the Koolau News, and concerned individuals.

Your Committee finds that the counties are unsure whether sections 142-74 and 142-75, Hawaii Revised Statutes, relating to dogs, preempts county ordinances dealing with the same subject. This measure would give effect to such ordinances and eliminate the perception of preemption.

Your Committee has amended this bill by:

- (1) Requiring ordinances to address injury or destruction of other animals by dogs;
- (2) Requiring ordinances to address dogs that have bitten humans on more than one occasion;
- (3) Requiring ordinances to be consistent with state law; and
- (4) Making technical, nonsubstantive changes 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. 1526, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1526, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 670 Judiciary and Hawaiian Affairs on H.B. No. 390

The purpose of this bill is to counter the incidence of hate crimes in Hawaii by:

- (1) Establishing extended sentencing penalties for criminal offenders who engage in hate crimes; and
- (2) Providing a reporting mechanism to compile, track, and analyze hate crimes data.

Testimony in support was submitted by the Hawaii Civil Rights Commission, the Hawaii State Commission on the Status of Women, the Civil Unions-Civil Rights Movement, the Hawaii Hate Crimes Task Force, the Anti-Violence Project, the American Friends Service Committee, and members of the public.

Testimony in opposition was submitted by the Honolulu Police Department, the Hawaii County Police Department, Christian Voice of Hawaii, a member of the Graduate Student Organization Court at the University of Hawaii, and members of the public.

The Department of the Attorney General, the Office of the Public Defender, and the Office of Information Practices submitted comments on the bill.

Your Committee finds that hate crimes are distinct from other crimes in terms of both motivation and result. Unlike other criminals, the hate crime offender is motivated to commit the crime because of his or her discriminatory prejudice against a class of people or property.

Furthermore, hate crimes are more likely than other crimes to provoke retaliatory crimes, inflict distinct emotional harm on their victims, and incite community unrest. Your Committee finds that this bill is necessary to address these undesirable social effects.

Your Committee believes that at this time, the establishment of a reporting mechanism should be achieved independent of enhanced sentencing provisions. Accordingly, your Committee has amended this bill by deleting the bill's reporting requirements.

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. 390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 390, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.
(Representatives Auwae, Gomes and Marumoto voted no.)

SCRep. 671 Human Services and Housing and Education on H.B. No. 629

The purpose of this bill is to allow foster parents the authority to provide consent for the educational and recreational needs of the foster children placed in their care.

The Department of Human Services (DHS) supported this measure. The Child Welfare Services State Advisory Council and Hawaii Youth Services Network supported the intent of this measure. The Department of Education supported the intent of the measure but opposes the current draft of the bill.

Foster parents currently need approval from DHS social workers to provide consent for children to participate in educational and recreational activities, such as school field trips. The intent of this bill is to streamline this process.

Your Committees have amended this bill by exempting children under Individual Educational Plans.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 629, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 629, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Abinsay, Schatz, Takumi, Halford, Arakaki, Takai and Yonamine.

SCRep. 672 Consumer Protection and Commerce on H.B. No. 202

The purpose of this bill is to reduce delays in the payment of claims by insurers by:

- (1) Defining "clean claim" in the law governing time limits for insurer reimbursement of health care provider claims, to mean a claim showing that the patient and services were insured, and services were actually provided by an authorized practitioner; and
- (2) Providing that a "clean claim" must be paid immediately, and payment cannot be withheld pending a request for additional information.

The Department of Commerce and Consumer Affairs, Insurance Division, and Hawaii Medical Association submitted testimony in support of this bill. The American Physical Therapy Association, Hawaii Chapter, submitted testimony in support of the bill with suggested amendments. The Hawaii Medical Service Association (HMSA), Mutual Benefit Association of Hawaii, Royal State National Insurance Company, Ltd., and Voluntary Employees' Benefit Association of Hawaii testified in opposition to the bill.

Your Committee finds that the law being amended in this bill was enacted in 1999 to ensure timely payment of claims by insurers. However, there is testimony that under the law, the payment of any claim can still be delayed if the insurer states that additional information is necessary to process the claim. Providers have testified that these delayed claims represent a significant percentage of their cash flow and are a heavy burden for small businesses.

However, there was testimony from providers that insurers are paying their claims faster since this law became effective, that once a claim is paid, the payment is difficult to recover, and payment statistics of one of the largest insurers show that 98 percent of claims are paid within 30 days.

Your Committee has amended this bill according to the recommendations of HMSA, by:

- (1) Removing the provision prohibiting insurers from delaying the payment of a clean claim pending the receipt of additional information;
- (2) Removing the requirement that insurers provide notice of the specific reason for contesting the claim, as well as language conditioning interest on late claim payments according to whether or not notice was timely provided.
- (3) Removing the section of the bill that repealed the sunset date of the claim payment law and made the law permanent;
- (4) Adding more conditions and exclusions to the definition of clean claim;
- (5) Requiring insurers to make available an electronic system that can be used to immediately verify enrollee eligibility under the insurer's plan;
- (6) Allowing the Insurance Commissioner oversight by requiring health providers to submit a quarterly report of unpaid claims and the reason these claims were contested; and
- (7) 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 202, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 673 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 597

The purpose of this bill is to increase protections to consumers arranging for travel by specifying certain requirements, prohibited acts, and penalties for travel agencies.

This bill, which adds six new sections to chapter 486L, Hawaii Revised Statutes, strengthens existing law by:

- (1) Specifying grounds for the denial of registration of a travel agency or charter tour operator;
- (2) Providing basic standards for proper record keeping of financial transactions;
- (3) Prohibiting specific acts that are detrimental to consumers;
- (4) Authorizing the Director of Commerce and Consumer Affairs to revoke, suspend, or refuse to renew registrations; and
- (5) Providing legal remedies for violations of chapter 468L, particularly in the event of the misuse of client trust funds.

Your Committees received testimony in support of this bill from the Department of Commerce and Consumer Affairs and the Hawaii Chapter of the American Society of Travel Agents.

Your Committees find that despite existing law, consumers are at risk of losing moneys paid to travel agencies for travel services. In some cases, the losses relate to the insolvency of the travel agencies; in other cases, the losses relate to misappropriation or misuse of the client trust fund accounts.

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. 597 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki, Yoshinaga and Whalen.

SCRep. 674 Judiciary and Hawaiian Affairs on H.B. No. 299

The purpose of this bill is to provide a remedy or sanction for the failure of a party seeking child support to complete and return an application form to the Child Support Enforcement Agency (CSEA).

The Department of the Attorney General testified in support of the intent of the measure and recommended clarifying amendments. The Judiciary provided comments.

Your Committee finds that this measure would ensure that the CSEA's ability to enforce, or begin servicing parties is not delayed when child support has been ordered by the court.

Your Committee amended the bill by making technical, nonsubstantive changes for the purpose 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. 299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 299, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 675 Finance on H.B. No. 534

The purpose of this bill is to transfer the responsibility of developing guidelines for the preparation and revision of functional plans from the Department of Budget and Finance to the Office of Planning (Office).

The Department of Business, Economic Development & Tourism testified in support of this bill.

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 H.B. No. 534 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 Yonamine and Rath.

SCRep. 676 Finance on H.B. No. 567

The purpose of this bill is to allow purchasers of Hawaii state and county issued bonds to claim funds such as interest payments and redemption proceeds from the Unclaimed Property Program (UPP) in perpetuity.

The Department of Budget and Finance testified in support of this bill.

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 H.B. No. 567 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 Yonamine and Rath.

SCRep. 677 Finance on H.B. No. 571

The purpose of this bill is to:

- (1) Clarify and make technical changes to the law regarding short-term investments of state moneys; and
- (2) Provide two additional investment options for the state treasury that offer safety, liquidity, and an opportunity to increase the yield on investments: United States government-related mutual funds and money market mutual funds.

The Department of Budget and Finance testified in support of this measure.

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 H.B. No. 571 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 Yonamine and Rath.

SCRep. 678 Finance on H.B. No. 574

The purpose of this bill is to establish a three-year lapsing period for special purpose revenue bonds authorized pursuant to chapter 39A, Hawaii Revised Statutes.

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

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 H.B. No. 574 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 Yonamine and Rath.

SCRep. 679 Finance on H.B. No. 696

The purpose of this bill is to repeal unnecessary statutory requirements for the maintenance and reporting of a record of procurements under the Hawaii Procurement Code.

Currently, section 103D-321, Hawaii Revised Statutes, requires all chief procurement officers to maintain, for a minimum of five years, a record of all procurements for goods, services, and construction of \$25,000 or more that is required under certain procurement laws. This provision also requires that this information be submitted annually to the Legislature.

Your Committee finds that this requirement is not necessary, because the same information is available elsewhere.

The Office of the Lieutenant Governor and the State Procurement Office testified in support of this measure.

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 H.B. No. 696 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 Rath.

SCRep. 680 Finance on H.B. No. 715

The purpose of this bill is to ensure that needed funds are available to assist the Department of Taxation (DOTAX) in its efforts to meet the obligations of the Integrated Tax Information Management Systems (ITIMS) performance-based contract.

DOTAX testified in support of this bill.

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 H.B. No. 715 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 Yonamine and Rath.

SCRep. 681 Finance on H.B. No. 723

The purpose of this bill is to provide for a sharing of the public service company tax revenues with those counties that establish by ordinance an exemption from real property tax for public service companies.

The Department of Taxation (DOT), the Hawaii State Association of Counties, the Office of the Corporation Counsel of the County of Hawaii, the Department of Corporation Council of the City and County of Honolulu, the Hawaiian Electric Company, Inc., Maui Electric Company, Hawaii Electric Light Company, and several councilmembers from Hawaii and Maui County, Mayor of Maui County, the Maui County Council, Office of the County Attorney of the County of Kauai, Kauai Electric, The Gas Company, Kauai County, and Verizon Hawaii, Inc. testified in support of this 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 723 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 Rath.

SCRep. 682 Finance on H.B. No. 863

The purpose of this bill is to appropriate funds to prepare a master plan for Kokee and Waimea Canyon State Parks.

The Kokee Natural History Museum, Pahio Resorts, Textron Systems Kauai, and a concerned citizen testified in support of this bill. The Environmental Center and the Board of Land and Natural Resources supported the intent of this bill.

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 H.B. No. 863 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 Leong.

SCRep. 683 Finance on H.B. No. 1400

The purpose of this bill is to:

- (1) Authorize the issuance of general obligations bonds; and

- (2) Declare that the total amount of principal and interest estimated and calculated for all bonds issued and outstanding will not cause the State's debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirements of article VII, section 13, of the Constitution of the State of Hawaii, which specifies that the Legislature must include a declaration of findings that the debt limit will not be exceeded by legislatively authorized general obligation issuances.

The Department of Budget and Finance testified in support of this bill.

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 H.B. No. 1400 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 684 Finance on H.B. No. 506

The purpose of this bill is to provide emergency funding to cover the decline in revenues from the State's irrigation systems.

Your Committee received a letter from the Governor dated February 9, 2001:

- (1) Stating that in order to cover the decline in revenues from the State's irrigation system, the sum of \$200,000 for fiscal year 2000-2001 must be deposited into the irrigation system revolving fund for the operation and maintenance of the State's irrigation systems; and
- (2) Requesting immediate consideration and passage of this measure.

The Department of Agriculture testified in support of this bill.

Your Committee amended this bill by:

- (1) Removing the section regarding the general fund ceiling; and
- (2) Making a technical, nonsubstantive change for style and clarity.

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 H.B. No. 506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 506, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 685 Finance on H.B. No. 569

The purpose of this bill is to provide emergency funding for health fund premiums.

Your Committee received a letter from the Governor dated February 2, 2001:

- (1) Stating that the appropriation of \$14,500,000 in general funds will pay for the projected shortfall in the employer portion of health fund premiums;
- (2) Stating that timely passage of this measure is requested in order for the Department of Budget and Finance to meet the statutory requirement in Chapter 87, Hawaii Revised Statutes, and current collective bargaining agreements; and
- (3) Requesting immediate passage of this measure.

The Department of Budget and Finance testified in support of this bill.

Your Committee has amended this bill by:

- (1) Removing the section regarding the general fund ceiling; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 569, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 569, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 686 Finance on H.B. No. 608

The purpose of this bill is to appropriate \$41,247,070 in general funds to pay for the projected shortfall in the Felix Response Plan Program.

Your Committee received a letter from the Governor dated February 5, 2001:

- (1) Stating that this appropriation will enable the Department of Education to provide services to the identified class of students per Felix Response Plan that fulfills the contempt order of the Felix Consent Decree;
- (2) The Felix Response Plan and the additional funds requested will enable the State to meet the operational requirements; and
- (3) Requesting immediate passage of this measure.

The Department of Education testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 for the purpose of continued discussion;
- (2) Authorizing the transfer of EDN 100 funds for fiscal year 2001; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 608, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 608, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 687 Finance on H.B. No. 511

The purpose of this bill is to require any aggrieved bidder, offeror, or contractor to submit a protest bond when formally protesting an award of contract.

Testimony in favor of this measure was received from the State Procurement Office. The Building Industry Association of Hawaii commented on this measure. The General Contractors Association of Hawaii opposed this measure.

Your Committee recognizes that the requirement of a protest bond would greatly discourage the filing of frivolous protests. However, your Committee understands that by requiring a bond of a substantial amount would discourage those who are legitimately aggrieved to file a protest. Therefore, your Committee has amended this measure by:

- (1) Creating three levels for offers or cost estimates for protest bonds and leaving the amount of the protest bond blank for each level for purposes of further discussion;
- (2) Providing that protest bonds may be submitted no later than ten days after the date set for receipt of protest;
- (3) Allowing alternate forms of collateral to be submitted in lieu of a protest bond; and
- (4) Changing the effective date to January 1, 2002.

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 H.B. No. 511, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 511, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representative Moses and Rath voted no.)

SCRep. 688 Finance on H.B. No. 512

The purpose of this bill is to enhance the Capitol District in Honolulu as a destination area for visitors by expanding the purposes of the Works of Art Special Fund to include improvements to the State Art Museum in the No. 1 Capitol District Building for ancillary programs and activities. This bill also exempts the State Art Museum from the requirements of giving priority to registered blind or visually handicapped persons in the operation of vending facilities in public buildings.

For purposes of the public hearing, your Committee circulated a proposed H.D. 1 version that is similar to the original bill except that it deletes the provision exempting the State Art Museum from the requirements of the blind vender program.

Testimony in support of the proposed draft was submitted by the State Foundation on Culture and the Arts, the Washington Place Foundation, the Hawaii Alliance for Arts Education, the American Institute of Architects, and the Louis Pohl Estate.

The Hawaii Association of the Blind and the State Committee of Blind Vendors testified in opposition to the original bill.

Your Committee has amended the proposed draft of the bill by:

- (1) Replacing the appropriation with \$1 for the purpose of continued discussion; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 512, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 512, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 689 Finance on H.B. No. 573

The purpose of this bill is to repeal 15 Acts that authorize the issuance of special purpose revenue bonds, and as of June 30, 2001, do not provide for lapsing dates and for which there has been no action taken by the affected parties.

The Department of Budget and Finance testified in support of this 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 573, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 573, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 690 Finance on H.B. No. 718

The purpose of this bill is to:

- (1) Simplify the application process for nonprofit organizations seeking exemption from the general excise tax (GET); and
- (2) Reduce the tax filing burden for nonprofit organizations by repealing the two-month limitation for registration or filing of a GET exemption.

The Department of Taxation and the Aloha Society of Association Executives testified in support of this bill. The Tax Foundation of Hawaii commented on the measure.

Your Committee has amended this bill based on the recommendation of the Department of Taxation to clarify the types of organizations that qualify for minimal registration requirements.

Other technical, nonsubstantive amendments were made to conform to standard drafting conventions.

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 H.B. No. 718, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 718, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 691 Finance on H.B. No. 1026

The purpose of this bill is to provide funds for infrastructure development to benefit residents of Hawaiian ancestry in the Kikala-Keokea homestead area by:

- (1) Creating an Infrastructure Development Fund (Fund) to be administered by the Department of Land and Natural Resources (DLNR);
- (2) Repealing a loan program for residents of the island of Hawaii dispossessed of their homes and lands by volcanic eruptions into the Fund; and
- (3) Appropriating funds to be deposited into the Fund from the unexpended and unencumbered balance still remaining in the Housing Finance Revolving Fund.

The Office of Hawaiian Affairs, Hawaii County Economic Opportunity Council, and the Representative from the 4th district submitted testimony in support of this bill. The Housing and Community Development Corporation of Hawaii supported the intent of this bill. DLNR commented on this bill.

Your Committee has amended this bill by:

- (1) Inserting the appropriation amount of \$2,500,000; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1026, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1026, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 692 Finance on H.B. No. 407

The purpose of this bill is to ensure that contractors working on federal construction projects in Hawaii pay state general excise taxes (GET) by:

- (1) Requiring the Department of Taxation (DOTAX) to work with the federal government to develop a system to enforce tax collection;
- (2) Request the assistance of the federal government; and
- (3) Require a report to the Legislature on the need for any proposed legislation.

The General Contractors Association of Hawaii testified in support of this bill. The Subcontractors' Association of Hawaii supported the intent of this bill. The Department of Taxation opposed this bill.

Your Committee recognizes that the DOTAX is already making a good effort to collect the general excise tax from mainland contractors who either willingly or unknowingly fail to pay. However, DOTAX's future success will be dependent upon cooperation from the federal government and assistance from the local business and labor community.

Your Committee has amended this bill by:

- (1) Acknowledging DOTAX's prior efforts and requiring the continuance of this work in conjunction with the local business and labor community to collect the GET;
- (2) Allowing DOTAX to hire licensed attorneys, accountants, auditors, or other persons to pursue and collect claims for delinquent general excise taxes or other collection provisions under chapter 231, Hawaii Revised Statutes;
- (3) Giving DOTAX discretionary rulemaking authority; and

Making other technical, nonsubstantive amendments for clarity and style.

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 H.B. No. 407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 407, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 693 Finance on H.B. No. 937

The purpose of this bill is to allow government agencies to use nongovernmental employee reviewers in reviewing the procurement of design professional services.

The American Institute of Architects, American Public Works Association, Pacific Geotechnical Engineers, Inc., and SSFM International, Inc., submitted testimony in support of this bill. The State Procurement Office submitted testimony in support of the intent of this bill. The Department of Transportation and the Department of Accounting and General Services submitted testimony in opposition to this bill.

Your Committee has amended this bill by:

- (1) Deleting the reference to design professional services;
- (2) Allowing the selection committee to determine the order of importance of the selection criteria;
- (3) Adding accuracy and timeliness to the selection criteria;
- (4) Requiring only contracts equal to or above \$25,000 in value to be posted electronically; and
- (5) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 937, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 937, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 694 Finance on H.B. No. 1245

The purpose of this bill is to enhance the public's understanding of the State's funding priorities by requiring the inclusion of budget summaries of the proposed executive state budget as it moves through the legislative process.

Your Committee has amended this bill by:

- (1) Deleting the requirement that the budget summaries be published in a newspaper of general circulation;
- (2) Directing the Department of Budget and Finance to include a summary of the proposed executive budget when it is submitted by the Governor to the Legislature; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1245, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1245, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 695 Finance on H.B. No. 1288

The purpose of this bill is to:

- (1) Increase a prior authorization for the issuance of special purpose revenue bonds (SPRBs) for a senior citizens life care retirement community in Kahala, Oahu;
- (2) Replace the entity of the authorization from the Episcopal Homes of Hawaii, Inc., to the Kahala Senior Living Community, Inc., the new name of the same organization; and
- (3) Extend the sunset provision for the issuance of SPRBs relating to health care facilities.

The Kahala Senior Living Community, Inc., testified in support of this measure with amendments. The Department of Budget and Finance (B & F) offered comments.

Your Committee has amended this bill by replacing its entire contents. As amended, this bill:

- (1) Repeals the prior authorization to issue SPRBs on behalf of Episcopal Homes of Hawaii, Inc.;
- (2) Authorizes the issuance of SPRBs up to \$142,000,000 to assist Kahala Senior Living Community, Inc., for the same retirement community; and
- (3) Authorizes B & F to issue refunding SPRBs.

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 H.B. No. 1288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1288, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 696 Finance on H.B. No. 424

The purpose of this bill is to increase the standard deductions for the State Income Tax as follows:

- (1) \$2,400 for married couples filing joint returns;
- (2) \$2,100 for heads of households;
- (3) \$1,900 for single persons; and
- (4) \$1,200 for married individuals filing separately.

The Department of Taxation supported the intent of this bill. The Tax Foundation of Hawaii submitted comments.

Your Committee has:

- (1) Retained the current provisions of this bill; and
- (2) Amended this bill by increasing the standard deductions for taxable years after 2001 as follows:

- (A) \$3,000 for married couples filing joint returns;
- (B) \$2,500 for heads of households;
- (C) \$2,100 for single persons; and
- (D) \$1,500 for married individuals filing separately.

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 H.B. No. 424, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 424, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 697 Finance on H.B. No. 269

The purpose of this bill, as received by your Committee, is to change the composition of the Board of Directors of the Hawaii Tourism Authority (HTA) to have eleven public and two ex officio voting members.

For purposes of this hearing, your Committee circulated a proposed H.D. 1(B) draft that deletes the provisions of the bill and inserts new language consistent with HTA's administration bill (H.B. No. 533), which was also referred to this Committee. It is the intention of your Committee to use this proposed draft as a vehicle for a bill that is similar to H. B. No. 533.

The Hawaii Hotel Association, Kauai Economic Development Foundation, Kauai Technology Center, Sheraton Hotels and Resorts Hawaii, Textron Systems Kauai, Maui Hotel Association, and Maui Economic Development Board, Inc., and a concerned citizen testified in support of the proposed H.D.1(B) version of this bill.

The Hawaii Tourism Authority (HTA), the Department of Business, Economic Development, and Tourism (DBEDT), Hawaii Attractions Association, Visitor Industry Coalition, Outrigger Hotels & Resorts, Retail Merchants of Hawaii, and Waikiki Improvement Association supported the intent of the proposed draft. The Trust for Public Land, Department of Land and Natural Resources (DLNR), and the Tax Foundation of Hawaii commented on the proposed draft.

Your Committee has amended this bill by deleting its contents and inserting many of the substantive provisions of H.B. No. 533. As amended this bill, among other things:

- (1) Establishes the Convention Center Enterprise Special Fund, and exempts it from central service expenses and departmental administrative expenses;
- (2) Exempts HTA from chapter 102, Hawaii Revised Statutes, and other law requirements for competitive bidding for any concession or commercial enterprise;
- (3) Increases the number of HTA voting members;
- (4) Assigns HTA the responsibility for marketing, managing, using, operating, and maintaining the Convention Center facility;
- (5) Appropriates out of the Convention Center Enterprise Special Fund, \$42,800,000 for fiscal year 2001-2002 and \$42,400,000 for fiscal year 2002-2003 for purposes of the Convention Center Enterprise Special Fund; provided that \$2,000,000 for each year of fiscal biennium 2001-2003 shall be deposited into the Convention Center Facility Reserve Special Fund for any future major repair, maintenance, and improvement of the Convention Center facility;
- (6) Appropriates funds for the Convention Center Facility Reserve Special Fund;
- (7) Creates the Convention Center Facility Reserve Special Fund;
- (8) Specifies that if the amount of transient accommodations tax revenues deposited into the Tourism Special Fund exceeds the amount appropriated to HTA and DBEDT's Visitor Research Program for fiscal year 2001-2002 and fiscal year 2002-2003, then all revenues collected in excess of that amount is to be expended by HTA with 50 percent to expand, promote and diversify Hawaii business tourism and 50 percent to invest in Hawaii's natural environment;
- (9) Authorizes HTA to support the efforts of other state and county departments and agencies to manage, improve and protect Hawaii's natural environment and areas frequented by visitors;
- (10) Clarifies "revenues" as "gross revenues";
- (11) Authorizes HTA's board of directors to adopt rules consistent with chapter 91; and
- (12) Makes technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

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 H.B. No. 269, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 269, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 698 Finance on H.B. No. 163

The purpose of this bill, as received, is to reinstitute the \$55 food tax credit in the State Income Tax Law, which would be available to all Hawaii residents without regard to income.

The Department of Taxation testified in opposition to this bill. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that a food tax credit is preferable to a food tax exemption because the exemption may provide greater tax relief for higher-income people who can afford to purchase more food. However, a food tax credit should be targeted to provide relief to lower-income people.

Your Committee has amended this bill by:

- (1) Deleting its substance and inserting provisions for a food tax credit of up to \$70 per qualified exemption; and
- (2) Amending the effective date to apply to taxable years beginning after December 31, 2000.

Your Committee finds that this bill, as amended, will provide tax relief for the purchase of food by Hawaii's low-income families in a more equitable manner than allowing every Hawaii resident, regardless of income, to receive a \$55 food tax credit.

As amended, this bill establishes a graduated food tax credit of \$70 per qualified exemption for persons with adjusted gross income under \$4,000 to \$20 for persons with adjusted gross incomes of \$20,000 to 30,000. Persons with adjusted gross incomes in excess of \$30,000 would not be able to claim a food tax credit. Since the amount of the tax credit is inversely proportionate to income, the neediest persons will be getting the most generous tax credits.

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 H.B. No. 163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 163, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 699 Finance on H.B. No. 165

The purpose of this bill is to reduce taxes and supplement wages for low-income taxpayers by allowing them to claim an earned income tax credit of 10 percent and 15 percent of their tax liability.

The Kokua Council, Hawaii State Commission on the Status of Women, National Federation of Independent Business-Hawaii, Legal Aid Society of Hawaii, American Friends Service Committee, and concerned citizens supported this measure.

The Department of Taxation opposed this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) More clearly articulating how a state earned income tax credit, built on the federal earned income tax credit which has proven to be an effective anti-poverty program, would assist Hawaii's working families;
- (2) Removing the percentages of the federal earned income tax credits to facilitate further discussion; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 165, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 700 Consumer Protection and Commerce on H.B. No. 1131

The purpose of this bill is to provide that a lease rent appraisal based on fair market value that is less than the rental amount being paid at the time of rent renegotiation, shall prevail over an existing lease contract provision that bars the lowering of lease rents upon renegotiation.

Testimony in support of this bill was received from STI Industries, Wholesale Motors, Inc., Windward Town and Country Plaza Phases I and II, King University Plaza, Moiliili Plaza, Thomas Square Hale Anue, University Plaza, Waialae Plaza, Waiakamilo Shopping Center, Windward Post Office, and several concerned citizens.

Testimony in opposition to this measure was received from the Department of Business, Economic Development, and Tourism, Appraisal Institute, Estate of James Campbell, Gentry-Pacific, Ltd., Hawaii Association of Realtors, Hawaii Bankers Association, Hawaii Reserves, Inc., Institute of Real Estate Management, Kamehameha Schools, Land Use Research Foundation of Hawaii, Mark A. Robinson Trusts, Maui Land and Pineapple Company, and Small Landowners Association.

Your Committee finds that land ownership in Hawaii is characterized by the concentration of fee title to lands in a few estates, trusts, and other private landowners. Rather than sell the fee-simple title, these landowners establish long-term leases. The inflation of land prices in the 1980s due to investments by wealthy international buyers, allowed these landowners to negotiate artificially high ground rents. In the current economy, these high rents have created an abundance of problems for lessees, who have made significant investments in their businesses, and in infrastructure and other improvements to the land. Examples of these problems, which affect Hawaii's businesses and their employees, include negative cash flow, mortgage foreclosure, and even bankruptcy.

Your Committee finds that the problem that this bill seeks to address affects the entire community, and deserves further discussion and efforts toward mitigation, or resolution. Your Committee has amended this bill by:

- (1) Including clarification of the legislative purpose and justification for the proposed measure, to address issues concerning the constitutionality of the bill; and
- (2) Changing its effective date to January 1, 2050, to allow further consideration of this matter by the Legislature.

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. 1131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1131, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Morita, Yoshinaga, Gomes and Whalen.
(Representatives Ahu Isa and Kanoho voted no.)

SCRep. 701 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 592

The purpose of this bill is to adopt the National Association of Insurance Commissioners' Producer Licensing Model Act, and to include additional language providing for insurance producer continuing education.

The Department of Commerce and Consumer Affairs, American Counsel of Life Insurers, State Farm Insurance Companies, and Association of Insurance and Financial Advisors supported this bill. Hawaii Independent Insurance Agents Association supported this bill with reservations. The Office of Information Practices and National Association of Independent Insurers commented on this bill.

Your Committees find that under the Gramm-Leach-Bliley Act (GLBA), a majority of states must have either uniform or reciprocal producer licensing laws in place by November 12, 2002. Failure to accomplish this would trigger the creation and implementation of the National Association of Registered Agents and Brokers (NARAB) licensing authority, which would remove direct agent and broker licensing oversight from the states and place it under the federally created NARAB, until NARAB is dissolved by Congress.

Your Committees find that the continuing education reciprocity provisions of this measure may render it defective for purposes of complying with GLBA. Your Committees have amended this bill by changing its effective date to January 1, 2040, to allow further discussion and resolution of this, and other issues.

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. 592, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 592, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki, Yoshinaga and Whalen.

SCRep. 702 Judiciary and Hawaiian Affairs on H.B. No. 451

The purpose of this bill is to establish the claimant's burden of proof in negligence claims brought against the owner of a retail premises.

In the case of Gump v. Wal-Mart Stores, Inc., 93 Haw. 417, 5 P.3d 407 (2000), the Supreme Court of Hawaii affirmed an Intermediate Court of Appeals decision that adopted the "mode of operation" rule. Under the general rule, a claimant is required to prove that the owner had actual or constructive notice of the specific instrumentality that caused harm to the claimant.

However, under the mode of operation rule, the claimant's burden to prove actual or constructive notice is eliminated if the specific instrumentality is a reasonably foreseeable consequence of the owner's mode of operating the business.

The Hilton Waikoloa Village, Hawaii Food Industry Association, and an individual submitted testimony in support of the bill. The Consumer Lawyers of Hawaii and an individual submitted testimony opposing the bill.

Your Committee believes that the law prior to the adoption of the mode of operation rule provided the parties with a more level playing field. However, your Committee has amended chapter 663, Hawaii Revised Statutes (HRS), believing that this would be more consistent with the intent of this bill than amending chapter 520, HRS. The latter section applies when a claimant enters upon an owner's land for recreational purposes. By contrast, this bill applies to land that is used for commercial retail purposes.

Your Committee further amended this measure by making technical, nonsubstantive changes for purposes of 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. 451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 451, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 703 Judiciary and Hawaiian Affairs on H.B. No. 741

The purpose of this bill is to establish a balanced and equitable process to resolve civil lawsuits intentionally filed to intimidate, punish, or censor persons or organizations that are engaged in the democratic process.

Testimony in support was submitted by the Hawaii Coalition Against Legalized Gambling and five members of the public.

Your Committee finds that public participation is essential to the fulfillment of our democratic principles. Your Committee further finds that civil lawsuits and counterclaims are being filed against individuals and organizations to intimidate, punish, or otherwise inhibit their participation in the political process.

Such lawsuits, called "strategic lawsuits against public participation" (SLAPPs), are typically dismissed only after the defendants are put to great expense and harassment. Therefore, your Committee finds that the passage of this bill is necessary to mitigate the inequity of SLAPPs and preserve the public's role in the democratic process.

Your Committee has amended this bill by:

- (1) Clarifying the procedural rules that govern a motion to dismiss a SLAPP lawsuit; and
- (2) Making technical, nonsubstantive amendments for 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. 741, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 741, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki, Yoshinaga and Whalen.

SCRep. 704 Judiciary and Hawaiian Affairs on H.B. No. 236

The purpose of the bill is to remove the ability of minors who are at least 14 but less than 16 years of age to consent to having sex with an adult who is five years older than the minor where the adult is not married to the minor.

Your Committee received testimony in support of the measure from the Hawaii Family Forum, the Hawaii Catholic Conference, Na Keiki Law Center, Alliance for Traditional Marriages and Values and concerned individuals. Your Committee received testimony in opposition to the measure from the Department of the Prosecution Attorney for the City and County of Honolulu, the Honolulu Police Department, the Office of the Public Defender, the Hawaii Youth Services Network, the Sex Abuse Treatment Center, the Coalition for the Prevention of Sexual Assault, and Advocates to Consumer Rights.

Your Committee finds that there is a genuine question whether raising the age of consent will have any effect on the protection of minors since:

- (1) The minor must be willing to cooperate with police and prosecutors by reporting and testifying; and
- (2) The willing participation in sexual behavior by the minor is not viewed by the minor as criminal activity, thereby aggravating conflicts within families and magnifying psychological trauma associated with criminal prosecution of a loved one.

In spite of this major policy question as to the effectiveness of changing a minor's behavior by raising the age of consent, your Committee finds that placing the responsibility of correct behavior upon adult sexual partners may have some effect in limiting some types of sexual activity available to minors.

Your Committee amended the bill by:

- (1) Changing the effective date to June 31, 2001, as a fatal flaw to ensure continued discussion on the measure; and
- (2) Making the language gender neutral.

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. 236, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 236, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 705 Judiciary and Hawaiian Affairs on H.B. No. 170

The purpose of this bill is to require that expenditures or financial assistance of a political party to a candidate, with or without the cooperation, consultation, request, or suggestion of the candidate, are contributions to and expenditures by the candidate.

Kokua Council testified in support of this bill. Common Cause Hawaii testified in support of the intent of the bill. The Hawaii Republican Party, Advocates for Consumer Rights, and the Representative from the 50th District testified in opposition to the measure. The Campaign Spending Commission commented on the bill.

Your Committee circulated a draft bill containing many proposed amendments to this measure. Your Committee has accordingly amended this bill; and, as amended, this bill:

- (1) Allows voters with physical disabilities to receive a ballot outside the polling place, but within the 100 foot area, and vote.
- (2) Removes expenditures of nominal value from campaign spending requirements. "Nominal value" means a value so small that it's negligible – perhaps something such as a pencil, rubberband, etc. but maybe not a box of pencils or case of rubber bands.
- (3) Limits qualifying campaign contributions to those made by individual residents of Hawaii. Receiving only qualifying campaign contributions allows a candidate to receive public funding for an election.
- (4) Requires that notification of failure to report or filing of a substantially defective or deficient report be done by registered mail.
- (5) Repeals the requirement that an explanation accompany the correction; repeals the requirement that the correction be in writing; changes the time of submission for the correction to be submitted from "5 days after mailing of the notice" to "5 days after receipt of the notice."
- (6) Replaces the requirement that a response is due after newspaper notification or website publication with a requirement that a response is due after notification has been mailed.
- (7) Repeals the duty of the Commission to adopt a code of fair campaign practices as a part of its rules.
- (8) Limits the compensation for the Executive Director of the Commission to that of deputies or assistants to department heads; limits compensation for other employees to that paid to civil service employees performing similar duties.
- (9) Repeals the duty of the Commission to censure any candidate who fails to comply with the code of fair campaign practices.
- (10) Changes the time the Commission has to render an advisory opinion about violations of the campaign spending laws from "within ninety days after all information necessary to issue an opinion has been obtained" to "within ninety days of the request".
- (11) Exempts candidates or committees that have already filed an organizational report from filing additional such reports unless there have been changes since the previous report filed. Exempts candidates already in office from filing an organizational report when the candidate files nomination papers provided there have been no changes since the previous filing.
- (12) Deletes requirements to file certain copies of reports from candidates or committees associated with candidates.
- (13) Changes the amount of time a county clerk's office must preserve reports filed pursuant to the election law from 10 years to the current election cycle.
- (14) Consolidates the filing requirements of the chairperson, treasurer, other officers, and the custodians of the books and account if other than a designated officer.
- (15) Authorizes the campaign treasurer or the deputy campaign treasurer to designate a person to receive contributions or make expenditures on behalf of the appointing candidate, committee, or party.
- (16) Authorizes campaign funds to be contributed to nonprofit organizations provided they meet the state and federal requirements for nonprofits for income tax purposes.
- (17) Cuts contribution amounts in half.
- (18) Prohibits state and national banks, corporations and labor organizations from contributing to campaigns or soliciting funds from anyone other than stockholders, officers, members or their families.
- (19) Prohibits campaign contributions from any person who has been awarded a government contract. Prohibits contributors from receiving government contracts.
- (20) Requires that recipients of excess campaign contributions be nonprofit organizations exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code.
- (21) Authorizes a campaign treasurer to designate a person who may withdraw or pay funds from a campaign depository.
- (22) Requires any political party that makes an expenditure in support of an identifiable candidate to file a report with the Campaign Spending Commission which includes the name of the candidate and the amount of the expenditure.
- (23) Removes the notarization requirement for the affidavit for voluntary campaign expenditure limitation.
- (24) Requires the Campaign Spending Commission to submit an analysis of data in each race including:

- (A) The total amount spent;
 - (B) The sources of contributions by sector and by amount; and
 - (C) The ratio of spending of successful to unsuccessful races.
- (25) Requires clear, audible, or legible, prominent disclaimers containing specific information about who paid for all campaign advertisements.
- (26) Prohibits a party from advertising in support of a candidate, against a candidate's opponent, or on ballot issues unless they meet the same conditions currently required of candidates or their committees in the same circumstances. Includes a penalty up to \$1000 for a violation of these provisions.
- (27) Raises the amount of public funding available to a candidate in any election from 15% to 30% of the total expenditure limit for each election.
- (28) Prohibits candidates for governor and lieutenant governor running as co-candidates in a general election from receiving public funds if one of the candidates has not agreed to abide by the required spending limits for such funding.
- (29) Raises the amount that an individual may pay to the Hawaii Election Campaign Fund from \$2 to \$8.
- (30) Deletes the exemption for house bulletins from the campaign spending law.

Your Committee is confident that these changes to Hawaii's campaign spending law will ensure equality and fairness in the election system while ensuring the integrity of the election 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. 170, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 170, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 706 Consumer Protection and Commerce on H.B. No. 509

The purpose of this bill is to authorize the calibration of secondary standards by nonstate laboratories.

Your Committee finds that state secondary standards must currently be verified against the state's primary standards. However, there is no state metrologist, and no certified state laboratory.

This bill proposes to permit the state secondary standards to be calibrated by other laboratories that are recognized or accredited by the National Institute of Standards and Technology to allow the program to continue.

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

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. 509, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 509, H.D. 1.

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

SCRep. 707 Consumer Protection and Commerce on H.B. No. 945

The purpose of this bill is to:

- (1) Recognize clinical social workers (CSWs) in the social worker law, as a subset of licensed social workers (LSWs) whose scope of practice includes clinical diagnosis, psychotherapy, or both;
- (2) Condition use of the title "clinical social worker" or "C.S.W." on registration with the Department of Commerce and Consumer Affairs (DCCA) and proof of current certification by either:
 - (A) The National Association of Social Workers as either a qualified clinical social worker or diplomate in clinical social work; or
 - (B) The American Board of Examiners in Clinical Social Work as a board certified diplomate;

and
- (3) Prohibit persons from performing clinical diagnosis or psychotherapy unless they are an LSW who is registered with DCCA as a CSW.

Testimony in support of this bill was received from DCCA, Department of Human Services, National Association of Social Workers, Sex Abuse Treatment Center, and numerous individuals. The Clinical Social Work Federation and a private individual supported the intent of the bill. Testimony in opposition to this measure was submitted by the Clinical Social Work Society of Hawaii and numerous individuals, including social workers.

Your Committee finds that this bill will:

- (1) Establish, through state registration of qualified CSWs, a mechanism to allow Medicaid reimbursement of services provided by those registered as CSWs;
- (2) Provide, through express authorization in the social worker law, the authority for social workers who possess the qualifications to provide psychotherapy, to practice psychotherapy and advertise this service to the public; and
- (3) Protect the public by restricting use of the title "C.S.W." or "clinical social worker," and the practice of psychotherapy and clinical diagnosis, to qualified, registered, LSWs.

Your Committee has amended this measure by:

- (1) As suggested by DCCA, providing that CSWs must register "initially and triennially" with DCCA;
- (2) Changing its effective date to July 1, 2050, to encourage discussion and resolution of the differences between this bill and H.B. No. 917, H.D. 1, and S.B. No. 839, S.D.1, two other bills providing for recognition of clinical social workers; and
- (3) 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 945, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 945, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 708 Consumer Protection and Commerce 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 recorded lien holder does not have an office in the State.

The City and County of Honolulu and the Hawaii Automobile Dealers' Association testified in support of this bill.

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. 1473, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1473, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 709 Consumer Protection and Commerce on H.B. No. 739

The purpose of this bill, as received, is to allow the Public Utilities Commission (PUC) to regulate electric cooperatives.

The Hawaii Renewable Energy Alliance submitted testimony in support of the bill, but recommended revisions. Kauai Island Utility Co-op and two concerned citizens submitted testimony in support of the intent of the bill, with suggested amendments.

The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs and Life of the Land submitted comments on the bill. The PUC opposed the bill.

Your Committee finds that an electric cooperative that generates, transmits, or distributes electricity exclusively to its stockholders or members at cost should not need to be regulated by the PUC. Your Committee further recognizes that once the electric cooperative generates, transmits, or distributes electricity to a person or entity other than its stockholders or members, it should be subject to PUC regulation.

Your Committee has amended this bill by:

- (1) Exempting from PUC regulation any electric cooperative that generates, transmits, or distributes electricity exclusively to its stockholders or members at cost;
- (2) Clarifying that any electric cooperative that generates, transmits, or distributes electricity to customers other than to its stockholders or members shall be subject to PUC regulation; 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 739, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 739, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 710 Consumer Protection and Commerce on H.B. No. 1335

The purpose of this bill is to exempt persons with an exclusive wireless telecommunications license from the Federal Communications Commission from the purview of the Public Utilities Commission (PUC).

Testimony in support of the bill was received from Voicestream Wireless, Sprint Communication Company, AT&T Wireless Services, Cingular Wireless, and Verizon Wireless. The PUC and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs submitted testimony in opposition to the bill.

A technical, nonsubstantive amendment was made 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. 1335, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1335, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 711 Consumer Protection and Commerce 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;
- (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.

Testimony in support of this bill was received from Young Brothers Limited. The Hawaii Bankers Association offered testimony that did not oppose the passage of the bill. Testimony in opposition to the bill was received from the Honolulu Police Department.

Your Committee finds that as currently written the statutes impose a heavy burden on a carrier when shipping a motor vehicle interisland. The proposed changes will ease this burden and facilitate the investigation of thefts of motor vehicles, by requiring carriers to physically inspect the vehicle identification number and maintain the record of the vehicle transport for not less than three years.

Your Committee has amended this bill by:

- (1) Deleting the section regarding unlawful removal of motor vehicles from the State, since the State Constitution only allows each law to cover one subject which shall be expressed in its title; 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 831, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 831, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 712 Consumer Protection and Commerce on H.B. No. 415

The purpose of this bill is to extend the inter-island ferry vessel preferential consideration to Maalaea small boat harbor.

Act 160, Session Laws of Hawaii, Regular Session of 1997, provided special preferential consideration for ferry vessels at Lahaina small boat harbor, for transportation between the islands of Maui and Molokai. The issuance of a commercial operating permit and a waiver of applicable fees accompanied this preferential consideration.

This bill extends the same preferential consideration for the small boat harbor at Maalaea.

Testimony in support of this measure was received from the Board of Land and Natural Resources.

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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 415, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 415, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 713 Consumer Protection and Commerce on H.B. No. 223

The purpose of this bill is to:

- (1) Remove the prohibition against the use of oral pharmaceutical agents by therapeutically certified optometrists; and
- (2) Repeal the Joint Formulary Advisory Committee, and instead, allow the Board of Examiners in Optometry (Board) to establish the formulary of drugs that therapeutically certified optometrists are authorized to use and prescribe.

The Board, Hawaii Optometric Association, Hawaii Nurses' Association and numerous individuals, including many optometrists, submitted testimony in support of this bill. Hawaii Medical Association and numerous individuals, including many ophthalmologists, submitted testimony in opposition to this bill.

Your Committee finds that optometrist prescriptive authority is well established. All fifty states and the District of Columbia have granted optometrists the authority to use and prescribe drugs in patient care. Since 1986, schools of optometry, nationwide, have standardized their therapeutic drug education and training curriculum. Forty-five states now allow optometrists to use all topical drugs and treat glaucoma. Thirty-eight states allow the use of oral drugs. Your Committee heard testimony that optometrist prescriptive authority has had an excellent safety track record. A provider of insurance coverage for over 8,000 optometrists, nationwide, found that over the five years prior to 2000, no claims were specifically attributed to prescription error on the part of insured optometrists.

Hawaii gave prescriptive authority to therapeutically certified optometrists in Act 292, Session Laws of Hawaii 1996. Qualified optometrists have been prescribing and using drugs under the law since 1999. Hawaii's law is one of the most restrictive in the country. Unlike the 45 states that allow all topical drugs and glaucoma treatment, Hawaii allows some topical drugs and no glaucoma treatment. Unlike the 38 states that allow all or some oral drugs, Hawaii allows no oral drugs. In addition, Hawaii is the only state in the nation that does not allow its Board of Optometry to establish and administer the profession's drug formulary.

Your Committee finds that Hawaii's regulation of optometrists runs contrary to the policies of the Hawaii Regulatory Licensing Reform Act, which provides that a profession should only be regulated when reasonably necessary to protect the health, safety, or welfare of consumers, and not where regulation results in unjustified costs to consumers. Your Committee finds that the law's prohibition against oral drugs, and the required oversight of the Joint Formulary Advisory Committee, impose unjustified costs on consumers.

Your Committee finds that oral medication will, in some cases, provide the best method of treating an eye disease that an optometrist is qualified by training and education to diagnose and treat. There is no evidence that optometrists are inadequately trained to determine which medication would be safe and most effective. This is especially true in light of the insurance statistics provided your Committee that showed no claims specifically attributed to improper prescription. In addition, there is no evidence Hawaii's optometrists, who are therapeutically certified in one of the most rigorous certification programs in the nation, are less qualified than other optometrists to prescribe oral drugs. Your Committee thus finds that the prohibition on oral prescription drugs serves to unreasonably limit the treatment alternatives available to Hawaii's prescribing optometrists, and that its primary effect is to lower the quality of eye care that the State allows Hawaii's consumers to receive.

Your Committee further finds that the Joint Formulary Advisory Committee imposes an unnecessary level of oversight of the profession of optometry. Hawaii is the only state of 51 jurisdictions that gives a board other than its Board of Optometry, authority to establish the profession's formulary. Yet there is no evidence of risks specific to Hawaii's Board of Examiners in Optometry that justifies this unusual level of regulation. Your Committee cannot assume that Hawaii's optometrists, unlike those of other states, lack the ability to govern their own profession. Your Committee does find that the unusual level of regulation required by Hawaii's law has already imposed unjustified costs on consumers by depriving them of the newest and most efficacious drug treatments available.

Your Committee has amended this bill:

- (1) To address concerns regarding the scope of optometrist prescriptive authority upon repeal of the oral drug prohibition, by providing that the use of injectable agents does not fall within the scope of optometrist prescriptive privileges;
- (2) By changing its effective date to July 1, 2050, to encourage further discussion and resolution of the issues; and
- (3) 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 223, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 223, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 714 Consumer Protection and Commerce 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:

- (1) Receives a fee of not more than a \$1,000 in credit or other non-monetary compensation per project, per twelve-month period; and
- (2) Does not advertise or promote the person's services, unless the person is a licensed real estate broker or salesperson.

The American Resort Development Association, American Resort Development Association of Hawaii, Hilton Grand Vacations Club, and Pahio Resorts, Inc., submitted testimony in support of the bill. The Real Estate Commission of the Department of Commerce and Consumer Affairs submitted testimony in opposition to the bill.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, style, and consistency, including transferring the relevant substance of the bill from chapter 467 (relating to real estate brokers and salespersons) to chapter 514E (relating to time sharing plans).

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. 16, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 16, H.D. 2.

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

SCRep. 715 Consumer Protection and Commerce on H.B. No. 17

The purpose of this bill is to remove duplicative disclosure requirements applicable to time share units. Specifically, the bill provides that time share plans that are registered, and must provide disclosure to purchasers under chapter 514E, Hawaii Revised Statutes (HRS), Time Sharing Plans:

- (1) Are exempt from developer's public report, supplementary public report, and disclosure abstract requirements under chapter 514A, HRS, Condominium Property Regimes; and
- (2) Prior to offering apartments to the public for the first time, must register with the Real Estate Commission under chapter 514A and obtain an effective date for the public report, but need not deliver the report to the purchaser.

The Real Estate Commission, American Resort Development Association of Hawaii, American Resort Development Association, Hilton Grand Vacations Company, and Pahio Resorts, Inc., testified in support of this bill.

Your Committee finds that this bill will provide Hawaii's time share industry with relief from unnecessary regulatory requirements while allowing time share developers to provide consumers with a single set of disclosure documents, thereby reducing consumer confusion and facilitating consumer understanding of their rights under the law.

Technical, nonsubstantive amendments have been made by your Committee 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. 17, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 17, H.D. 2.

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

SCRep. 716 Consumer Protection and Commerce 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, as time share agents and acquisition agents are already licensed with the Real Estate Commission as real estate brokers or real estate salespersons.

Testimony in support of this bill was received from the American Resort Development Association, Hilton Grand Vacations Club, Pahio Resorts, and an attorney. The Department of Commerce and Consumer Affairs testified in support of this bill with amendments.

Your Committee finds that the requirement for time share agents and acquisition agents who are already licensed as real estate brokers or real estate salespersons to register with the DCCA is duplicative and unnecessary.

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. 20, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 20, H.D. 2.

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

SCRep. 717 Consumer Protection and Commerce on H.B. No. 22

The purpose of this bill is to exclude employees or contractors of licensed real estate brokers, and of time share acquisition agents who are not licensed real estate brokers, from time share plan registration. This bill does so by amending the definition of "acquisition agent" in the time share law to exclude these employees or contractors, who accordingly no longer have to register as acquisition agents under the time share law.

The American Resort Development Association (ARDA), ARDA of Hawaii, Hilton Grand Vacations Club, and Pahio Resorts submitted testimony in support of the bill. The Department of Commerce and Consumer Affairs (DCCA) testified in support of the bill with suggested amendments.

Your Committee finds that this measure will remove unnecessary regulation without compromising consumer protection. The employees and contractors of time share acquisition agents and sales agents excluded from registration under this measure are known as "outside public contacts" (OPCs). The sole function of an OPC is to invite consumers to attend a time share presentation. The very few time share complaints filed each year compared to the total number of time share registrations does not justify continued registration of OPCs. In addition, OPCs will continue to be regulated by their employing acquisition agent or sales agents, who are responsible for the actions of their OPCs, and who are subject to DCCA disciplinary action.

Your Committee has adopted DCCA's suggested amendments, which:

- (1) Include a clearer exclusion of OPCs from DCCA registration; and
- (2) Conform the time share sales agent and acquisition agent licensing provisions more closely to actual DCCA administration of the time share program, including amendments that:
 - (A) Reflect that acquisition agents must maintain a bond under section 514E-10(b) and thus, like real estate brokers, may operate a booth, site office, or other place of business from which they invite others to attend time share sales presentations; and
 - (B) Prohibit an acquisition or sales agent whose real estate broker's license has been forfeited, suspended, revoked, terminated, or placed on inactive status, from acting as an acquisition agent or sales agent under the time share law.

Your Committee has made additional 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. 22, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 22, H.D. 2.

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

SCRep. 718 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs 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; and
- (2) Giving the Director authority to adopt rules under the Administrative Procedure Law regarding disclosure for time share promotional literature and other written materials.

The American Resort Development Association (ARDA), ARDA of Hawaii, Hilton Grand Vacations Club, All Islands Timeshare Resales, and Pahio Resorts testified in support of this bill. The Department of Commerce and Consumer Affairs testified in support with amendments.

Your Committees agree with the amendments proposed by DCCA, and have amended the bill by:

- (1) Placing the seven-day rescission notice in conspicuous bold type and capital letters above the signature line of any sales contract or agreement;
- (2) Substituting language in the new subsection to provide greater latitude to the department and to the time share industry as to the specific type of disclosures that are used in specific contexts; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

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. 23, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 23, H.D. 2.

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

SCRep. 719 Public Safety and Military Affairs on H.B. No. 868

The purpose of this measure is to require the Board of Education (Board) to invite a military representative to participate in discussions about Board matters, except those matters discussed in executive meetings.

Your Committee received testimony in support of this measure from the United States Pacific Command and the Chamber of Commerce of Hawaii. Your Committee received testimony in opposition to this measure from the Board. The Hawaii State Teachers Association submitted testimony recommending that the bill be held in committee.

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

- (1) Specifying that the military representative will be an ex-officio (non-voting) member of the Board;
- (2) Requiring that the military representative or his or her designee be seated with the other members during official meetings;
- (3) Requiring that the military representative participate in all discussions and debates about Board matters;
- (4) Removing the language barring the military representative from executive meetings of the Board; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, 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. 868, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 868, H.D. 1.

Signed by all members of the Committee except Representatives Saiki, Souki and Djou.

SCRep. 720 Judiciary and Hawaiian Affairs 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 and commissions.

The Board of Education submitted testimony in support of the measure.

Your Committee finds that Board of Education members do not receive a salary with which to purchase liability insurance for actions or omissions within the scope of their official duties. Since the State currently provides members of appointed boards immunity from civil liability, fairness requires that the same protection be extended to elected members of the Board of Education.

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. 1016 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 721 Judiciary and Hawaiian Affairs on H.B. No. 1679

The purpose of this bill is to rename Dillingham airfield, "Kawaihapai airfield."

Testimony in support of the bill was submitted by the Life of the Land, the Liliuokalani Protestant-Church, and three members of the public. The Department of Transportation provided testimony supporting the intent of the bill.

Your Committee finds that the property is currently owned by the U.S. Army, and that negotiations are underway to return the property to the State. Accordingly, your Committee agrees that amending the effective date to July 1, 2020, as proposed by the Committee on Transportation, is an appropriate response to the current situation.

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. 1679, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Yoshinaga, Ahu Isa, Case, Chang, Souki, Yoshinaga and Whalen.

SCRep. 722 Judiciary and Hawaiian Affairs on H.B. No. 1118

The purpose of this bill is to expand the definition of "public hunting area" under section 183D-4, Hawaii Revised Statutes, to include: game management areas; forest reserves and surrendered lands; natural area reserves; restricted 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.

Testimony in support was submitted by the Department of Land and Natural Resources, the Wildlife Conservation Association of Hawaii, the Pig Hunters of Hawaii, the Hawaii Hunting Advisory Council, the Big Island Bird Hunters, the Nature Conservancy of Hawaii, and a concerned citizen.

Currently, the Board of Land and Natural Resources (Board) has the authority to designate public hunting areas. However, clarification of the term "public hunting area" will provide the Board with guidance as to the Legislature's intent.

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. 1118, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 723 Judiciary and Hawaiian Affairs on H.B. No. 630

The purpose of the bill is to:

- (1) Require the completion of medical information forms and the consent to release medical information at dispositional hearings regarding parental rights; and
- (2) Waive the requirement for court-ordered information forms if the completed forms are not returned to the Department of Human Services.

Your Committee received testimony in support of the measure from the Department of Human Services.

Your Committee finds that exempting the Department of Human Services from the requirement of securing a completed medical information disclosure form because of the lack of medical information on the natural parents, may expedite the adoption process to the benefit of the prospective adopted 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. 630, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 724 Judiciary and Hawaiian Affairs on H.B. No. 687

The purpose of this bill is to enable the Department of Land and Natural Resources (DLNR) to dispose of public lands in a more cost-effective manner by changing the public notice requirement from three successive weeks to once in both a statewide and countywide publication for auctions, drawings, direct negotiations, exchanges, quitclaims, submerged and reclaimed lands, reservations, and easements.

DLNR commented in support of the bill.

DLNR informed your Committee that the current public notice requirements relating to the disposition of public lands is not cost effective. Over the past four years, the average public notice cost reached \$654, which amounts to 116 percent of the upset annual lease rent. Thus, the average bidder was required to pay more than a year of additional rent simply to cover the public notice costs.

Moreover, DLNR has experienced greater success in reaching qualified bidders using other marketing techniques. For example, DLNR has adopted the practice of mailing auction notices to individuals within each land district who have indicated an interest in public land auctions. In addition, DLNR presently posts "for auction" signs on auction property, and is considering posting notice on its website.

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. 687, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 725 Judiciary and Hawaiian Affairs on H.B. No. 123

The purpose of the bill is to establish fines for motorists who drive at speeds above limits set for school zones or construction areas.

Your Committee received testimony in support of this measure from the Department of Transportation and the Honolulu Police Department. The Department of Education testified in support of the intent of this bill. The Judiciary provided comments.

Your Committee finds that motor vehicle speeds should be strictly enforced in school zones to prevent injury and death to students, parents, other pedestrians, and motorists near schools.

Your Committee has amended this bill by inserting its substance into section 291C-104, Hawaii Revised Statutes (HRS), which governs speeding in a construction area but does not provide for motorist fines. As amended, this bill:

- (1) Allows appropriate law enforcement personnel to enforce speed limits in both construction areas and school zones;
- (2) Mandates the Director of Transportation to place official speed limit signs in school zones;
- (3) Defines "school zone" as each and every street and all public property within 1,000 feet of the boundaries of any school; and
- (4) Makes technical, nonsubstantive adjustments to the section for purposes of clarity, consistency, 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. 123, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 123, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 726 Judiciary and Hawaiian Affairs on H.B. No. 187

The purpose of this bill is to apply state motor vehicle inspection laws for reconstructed vehicles (that currently only apply to the City and County of Honolulu) to counties that do not already regulate reconstructed vehicles by ordinance.

Supportive testimony was submitted by concerned citizens from the Island of Hawaii. The Department of Customer Services of the City and County of Honolulu and the Office of the Prosecuting Attorney of the County of Hawaii testified in support of the intent of the bill.

Since the enactment of the reconstructed vehicle law, only the County of Maui has enacted ordinances regulating the inspection and certification of reconstructed vehicles.

Your Committee found especially compelling the testimony from residents of the Island of Hawaii who stated that there is a need to ensure that these types of vehicles are regulated in every county.

Accordingly, your Committee believes that this bill will ensure the health, welfare, and safety of all citizens while allowing the County of Maui to continue its existing regulatory program.

After careful consideration, your Committee has amended this bill by clarifying that section 286-95, Hawaii Revised Statutes, does not apply to a county that adopts, and provides for the enforcement of, ordinances regulating the inspection and certification of reconstructed vehicles.

It is the intent of your Committee that this bill not be construed to prohibit any county from adopting ordinances that regulate the inspection and certification of reconstructed vehicles.

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. 187, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 187, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 727 Judiciary and Hawaiian Affairs 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. More specifically, this bill:

- (1) Authorizes pharmacists, physicians, health care providers, and authorized agents of a pharmacy or health care institution to sell sterile hypodermic syringes in a pharmacy, physician's office, or health care institution;
- (2) Requires sellers to make available written educational material approved by the Department of Health (DOH) about the prevention of blood-borne diseases, drug treatment, and the safe disposal of used syringes at sites where syringes are sold;
- (3) Provides that the sale of sterile hypodermic syringes, as authorized above, not constitute an offense under Section 329-43.5, Hawaii Revised Statutes (class C felony); and
- (4) Requires the DOH to produce and make available written educational material about prevention of blood-borne diseases, drug treatment, and safe disposal of used syringes for distribution by sellers at the time syringes are sold.

Supportive testimony was submitted by DOH; Hawaii Medical Association; Hawaii Pharmacists Association; Department of Public Health Sciences and Epidemiology at the John A. Burns School of Medicine, University of Hawaii; AIDS Community Care Team; Hawaii HIV Prevention Community Planning Group; Association of Professionals in Infection Control and Epidemiology, Inc.; Community Health Outreach Work to Prevent AIDS; Life Foundation; Drug Policy Forum of Hawaii; Governor's Committee on HIV/AIDS; Gregory House Programs; and Hawaii Nurses Association.

Testimony in opposition to this measure was submitted by the Department of the Prosecuting Attorney of the City and County of Honolulu and the Honolulu Police Department.

Your Committee acknowledges that the sharing of hypodermic needles poses a significant health hazard to the citizens of our State. This practice has been proven to be a major cause of the spread of HIV, hepatitis B, hepatitis C, and other fatal diseases. Proponents of the bill have argued that by making sterile syringes accessible, the need to share hypodermic needles will be diminished, thus reducing the proliferation of communicable diseases.

After careful consideration, your Committee has amended the bill by:

Requiring the Director of Health to develop and implement a system of disposing used syringes received from the public. DOH informed your Committee that a similar system was implemented in the State of New York shortly after the enactment of a law

similar to this bill. Based on the New York experience, DOH believes such a system could be implemented in Hawaii at minimal cost within existing budgetary limits;

Requiring the Director of Health to develop and implement a system of tracking newly-purchased syringes that enter the State's Needle Exchange Program. This information will be used to determine whether used syringes are properly disposed of;

Requiring the Director of Health to submit a report on the implementation of the disposal and tracking systems before the 2002 legislative session. It is the intent of your Committee that no syringes be purchased in accordance with this bill unless the Legislature is fully satisfied that the Director of Health has systems in place to monitor and ensure the proper disposal of used syringes. These systems should be funded totally within DOH's operating budget, and no additional general fund appropriations should be made for this purpose;

Providing that the bill takes effect on approval but limiting the sale of syringes to the period between July 1, 2002, and July 1, 2004, to ensure that:

(a) DOH has enough time to develop and implement systems to track syringes and for used syringe disposal prior to the start of the program; and

(b) The Legislature has an opportunity to reexamine the effectiveness of the program and its consequences;

and

Making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 646, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 646, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.
(Representative Marumoto voted no.)

SCRep. 728 Judiciary and Hawaiian Affairs on H.B. No. 662

The purpose of this bill is to clarify and strengthen criminal penalties on the disposal of hazardous waste.

Supportive testimony was submitted by the Department of Health and the Hawaii Agriculture Research Center.

Your Committee finds that this bill will increase the effectiveness of Hawaii's Hazardous Waste Program (Program). In recent years, the Program has encountered many instances of hazardous waste or used oil generators abandoning leased properties. Landowners are then left to dispose of the waste and remediate or clean up the contaminated site. Often, repeat offenders leave contaminated sites behind, and even if found, the responsible party often files bankruptcy or claims no assets, leaving no recourse for the State.

The current criminal penalty of imprisonment is limited to the maximum period for a misdemeanor -- a term not greater than one year. Your Committee believes that longer jail terms will serve as a strong incentive for persons to adhere to Hawaii's pollution laws.

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

- (1) Clarifying references to hazardous waste, used oil, and used oil fuel; and
- (2) Making technical, nonsubstantive revisions 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. 662, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 662, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 729 Judiciary and Hawaiian Affairs on H.B. No. 830

The purpose of this bill is to:

- (1) Require three-wheeled motor scooters to be licensed by the examiner of drivers; and
- (2) Clarify that the three-wheel scooter is a lesser category vehicle and, therefore, within the scope of a Commercial Driver's License.

Supportive testimony was submitted by a concerned citizen. The Department of Transportation and the Honolulu Police Department opposed the bill.

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

- (1) Clarifying the engine specifications as having a maximum piston or rotor displacement of fifty cubic centimeters; 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. 830, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 830, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 730 Judiciary and Hawaiian Affairs on H.B. No. 365

The purpose of this bill is to establish civil liability against persons who intentionally damage an agricultural commodity known to be part of a product development program.

Testimony in support was submitted by the Department of Agriculture, the Hawaii Farm Bureau Federation, the Hawaiian Alliance for Responsible Technology and Science, the Pineapple Growers Association of Hawaii, the Hawaii Crop Improvement Association, the Hawaii Agriculture Research Center, and the College of Tropical Agriculture and Human Resources at the University of Hawaii.

Your Committee finds that in recent years, farmers and researchers have been victimized by certain individuals who profess opposition to agricultural biotechnology. Your Committee believes that this bill is necessary to deter those who would deliberately damage or destroy agricultural products being used for scientific research or product development.

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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 365, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 365, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 731 Judiciary and Hawaiian Affairs on H.B. No. 998

The purpose of this bill is to make various housekeeping amendments to statutes relating to the land court, chapter 501, Hawaii Revised Statutes.

Supportive testimony was submitted by the Judiciary, the Department of Land and Natural Resources, and Title Guaranty of Hawaii, Inc.

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

- (1) Requiring rather than authorizing the submittal of an endorsement of the current certificate of title if the certificate reference in the instrument is not current; and
- (2) Making various technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 998, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 998, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 732 Consumer Protection and Commerce on H.B. No. 411

The purpose of this bill is to make prescription drugs more affordable for needy persons by:

- (1) Establishing a tax credit for pharmacists and pharmaceutical companies who donate pharmaceuticals and health care supplies for use by needy persons;
- (2) Restricting prescription drug prices for individuals without health insurance to prices in the federal medical supply schedule; and
- (3) Extending the good samaritan law to provide pharmacists, who donate pharmaceuticals and health care supplies to needy persons, with protection from civil liability for resultant injuries and damages.

Your Committee received testimony in support of this measure from the Hawaii State Primary Care Association. The Executive Office on Aging supported the intent of the bill. Hawaii Pharmacists Association supported the intent of the bill and opposed the restriction on prescription drug prices. Comments were received from the Department of Human Services and Tax Foundation of Hawaii. The Department of Taxation and Pharmaceutical Research and Manufacturers of America opposed the bill.

Your Committee finds that concerns were raised about the advisability of using tax credits and price restrictions to increase the availability of pharmaceutical drugs and health care supplies to the needy. Among the comments were that tax credits are an

inefficient and inappropriate method of providing relief to those in need. Concerns were also raised regarding the constitutionality of restricting the price of drugs, as well as the effect of these price restrictions on the cost and availability of drugs and health care services to the general public.

Upon consideration, your Committee has amended this measure by:

- (1) Removing the tax credit and price restriction provisions;
- (2) Extending the protection from liability provided to pharmacists who donate pharmaceuticals and medical supplies, to include wholesale prescription drug distributors, pharmaceutical companies, and physicians; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee finds that as amended, this measure will make it more attractive and less risky for pharmacies and wholesalers to donate pharmaceuticals and medical supplies to the Medicine Bank, which collects and distributes them to the uninsured patients of community health centers.

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. 411, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 411, H.D. 2.

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

SCRep. 733 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs 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.

Testimony in support of this bill was received from the Hawaii State Department of Health, the National Alliance for the Mentally Ill, NAMI Oahu, and several individuals. The Mental Health Association (MHAH), Hawaii Nurses Association, and Hawaii Psychological Association submitted testimony in support of the bill with proposed amendments.

Hawaii Psychiatric Medical Association submitted testimony in support of the intent of the bill.

Testimony in opposition to this bill was received from the Office of the Public Defender, State of Hawaii, with proposed amendments.

Your Committees understand 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 helps to protect the individual's right to self-determination.

Your Committees find that many 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.

Your Committees also find that the proposed draft received with the testimony from MHAH is meritorious and should be considered for inclusion in the final form of the bill. Due to time constraints, the extensive substantive and technical amendments could not be made to the bill, and important policy decisions could not be thoroughly considered, therefore, your Committees have amended this bill to ensure further discussion by:

Changing the effective date to January 1, 2050; and

Deleting the date by which the Department of Health shall develop procedures for the implementation of psychiatric advance directives.

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. 650, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 650, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki, Yoshinaga and Whalen.

SCRep. 734 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 173

The purpose of this bill is to establish a market for the State's significant renewable energy resources, with an emphasis on solar electric production, by:

(1) Requiring qualified electric utility companies (QEUC) to implement a renewables portfolio standard with the following percentages of renewable energy resources within their overall resource portfolios:

(A) 7.0 percent by January 1, 2003;

(B) 8.0 percent by January 1, 2005;

- (C) 9.0 percent by January 1, 2007; and
- (D) 10.5 percent by January 1, 2010;
- (2) Requiring the Public Utilities Commission (PUC) to establish and administer a program to issue renewable energy credits to renewable energy generators;
- (3) Requiring a QEUC to have its solar electric production capacity equal to at least .25 percent of its gross utility generating capacity by January 1, 2011; and
- (4) Providing twice the renewable energy credits for solar electric energy production.

The Department of Business, Economic Development, and Tourism; Apollo Energy Corporation; Hawaii Renewable Energy Alliance; Sierra Club, Hawaii Chapter; Inter-Island Solar Supply; and an individual submitted testimony in support of the bill.

The Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, and the Environmental Center of the University of Hawaii at Manoa submitted testimony in support of the intent of the bill.

PUC; Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company; Ogden Energy Group, Inc.; Kauai Electric; and Life of the Land submitted comments.

After considering the diverse testimony, your Committees have amended this measure by:

- (1) Leaving blank all specified percentages to ensure further discussion on this matter, which is of great concern to the environment and people of Hawaii;
- (2) Changing the effective date to January 1, 2050, to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for 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. 173, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 173, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki, Yoshinaga and Whalen.

SCRep. 735 Finance on H.B. No. 87

The purpose of this bill is to establish a family center project modeled after the demonstration project established under Act 329, Session Laws of Hawaii 1990.

Good Beginnings Alliance submitted testimony in support of this bill. The Department of Human Services submitted testimony in support of the intent of this bill.

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

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 H.B. No. 87, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 87, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 736 Finance on H.B. No. 161

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

The Hawaii Civil Rights Commission testified in support of this bill. The Department of Human Services, Department of the Attorney General, Hawaii Association of Independent Schools, and the Hawaii State Personnel Council supported the intent of this bill. The Department of Human Resources Development (DHRD) commented on this bill.

Your Committee has amended this bill by:

- (1) Streamlining the focus of the working group to issues dealing with the use of criminal history record information for employment and hiring practices;
- (2) Streamlining the composition of the working group by eliminating the criminal justice agencies and those groups that are already represented by a State licensing function;
- (3) Adding the Legislative Reference Bureau and DHRD to the working group; and
- (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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 161, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 161, H.D. 2.

Signed by all members of the Committee.

SCRep. 737 Finance on H.B. No. 249

The purpose of this bill is to appropriate funds to provide basic dental services to adults who are receiving services through Medicaid or the QUEST medical assistance programs.

The State Council on Developmental Disabilities, Hawaii Primary Care Association, Hawaii Catholic Conference, and concerned citizens testified in support of this measure. The Department of Human Services commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 249, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 249, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 738 Finance on H.B. No. 503

The purpose of this bill is to establish guidelines for direct negotiation of agricultural lease renewals rather than by public auction.

The Hawaii Forest Industry Association and the Hawaii Agriculture Research Center supported the intent of this measure and offered suggested amendments. The Hawaii Farm Bureau Federation commented on this measure. The Department of Board of Land and Natural Resources (Board) opposed this measure.

Your Committee has amended this bill by:

- (1) Clarifying the circumstances where the Board may enter into a lease extension or a new lease without public auction; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 503, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 503, H.D. 2.

Signed by all members of the Committee.

SCRep. 739 Finance on H.B. No. 532

The purpose of this bill is to enable the Bureau of Conveyances (Bureau) to prevent the filing of frivolous financing statements by:

- (1) Allowing the Bureau to reject documents that are not authorized by the debtors; and
- (2) Requiring that initial financing statements must be authenticated by the debtor.

The Attorney General and the Department of Land and Natural Resources submitted testimony in support of this bill. The Hawaii Commission on Uniform State Laws submitted testimony in opposition to this bill.

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

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 H.B. No. 532, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 532, H.D. 2.

Signed by all members of the Committee except Representatives Davis and Rath.
(Representatives Djou and Moses voted no.)

SCRep. 740 Finance on H.B. No. 357

The purpose of this bill is to provide special monthly compensation to state and county retirees who are 70 and older and have at least 20 years of credited service, with compensation adjustments made every five years.

The Hawaii Government Employees Association and Oahu Retired Teachers Association testified in support of this measure.

The Department of Budget and Finance opposed this measure.

The Employee's Retirement System provided comments.

Your Committee has amended this bill by:

- (1) Amending the effective date to July 1, 2010; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 357, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 357, H.D. 2.

Signed by all members of the Committee except Representative Rath.
(Representatives Djou and Moses voted no.)

SCRep. 741 FI on H.B. No. 562

The purpose of this bill is to transfer authority over the Deferred Compensation Program to the Employees' Retirement System (ERS).

The ERS Board of Trustees testified in support of this measure. The Department of Budget and Finance supported the intent of this measure.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 562, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 562, H.D. 2.

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

SCRep. 742 Finance on H.B. No. 564

The purpose of this bill is to clarify the four retirement options in the noncontributory plan of the Employees' Retirement System's (ERS) by renaming the "Normal Retirement Allowance" option, which is the highest retirement benefit a retiree may receive, the "Maximum Retirement Allowance" option.

The ERS Board of Trustees testified in support of this measure.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 564, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 564, H.D. 2.

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

SCRep. 743 Finance on H.B. No. 565

The purpose of this bill is to expand on a safe, convenient, efficient, and reliable means for the Employees' Retirement System (ERS) to issue semi-monthly retirement benefits by requiring all new retirees and beneficiaries after June 30, 2001, to designate a financial institution account into which ERS may deposit their pensions.

ERS testified in support of this measure.

Passage of this bill will save ERS approximately \$60,000 annually in costs associated with the printing, sorting, and mailing of paper checks as well as in the re-issuance of lost or stolen checks.

Your Committee has amended this bill by:

- (1) Providing that the method of payment may be waived if another method is more appropriate; and
- (2) Making technical, nonsubstantive amendments to the bill have been made for purposes of style and clarity.

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 H.B. No. 565, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 565, H.D. 1.

Signed by all members of the Committee except Representative Rath.

SCRep. 744 Finance 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:

- (1) Authorizes expenditures from the Fund pursuant to the enactment of legislation approved at Final Reading by a two-thirds vote in each house of the Legislature;
- (2) Clarifies that appropriations to the Fund do not apply to the general fund expenditure ceiling; and
- (3) Provides that appropriations from the Fund apply to the general fund expenditure ceiling.

The Department of Budget and Finance testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 575, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 575, H.D. 2.

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

SCRep. 745 Finance 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 Employees' Retirement System (ERS).

The Department of Budget and Finance, the ERS Board of Trustees, and the Hawaii State Teachers Association supported this measure.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2001;
- (2) Correcting an error in the statute with regards to a referenced section; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 576, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 576, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 746 Finance 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.

The Department of Labor and Industrial Relations (DLIR), Department of Human Resources Development (DHRD), and United Public Workers submitted testimony in support of this bill.

Your Committee recognizes that this bill conflicts with Act 253, Session Laws of Hawaii 2000 (Act 253). This bill designates the Hawaii Labor Relations Board, which is placed in DLIR, as the State Merit Appeals Board. However, Act 253, which takes effect on July 1, 2002, provides that the State Merit Appeals Board will be placed in DHRD. This problem needs further discussion and may require the repeal of the law placing the Merit Appeals Board in DHRD.

Your Committee has amended this bill by changing the effective date to July 1, 2002.

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 H.B. No. 643, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 643, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 747 Finance on H.B. No. 774

The purpose of this bill is to require the Judiciary to provide mandatory training and education of judges who hear cases involving family law or domestic abuse.

The Domestic Violence Clearinghouse and Legal Hotline supported this measure. The Sex Abuse Treatment Center, Hawaii State Coalition Against Domestic Violence, and the City and County Department of the Prosecuting Attorney supported this measure with suggested amendments.

The Office of the Public Defender and the Hawaii State Judiciary commented on the measure.

Your Committee has amended this bill by:

- (1) Authorizing the use of private funds, upon availability, to establish and implement a program of mandatory education and training for judges who hear family court or domestic abuse cases; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 774, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 774, H.D. 2.

Signed by all members of the Committee.

SCRep. 748 Finance 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 by requiring more extensive records to be kept when injuries occur.

The Department of Labor and Industrial Relations, Hawaii Nurses Association, and Hawaii Government Employees Association supported the measure.

The Department of Health submitted comments.

The Association for Professionals in Infection Control and Epidemiology, Inc., opposed the measure.

Your Committee has amended this bill by:

- (1) Removing the three-year exemption period for pre-filled syringes that are approved by the U.S. Food and Drug Administration; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 790, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 790, H.D. 2.

Signed by all members of the Committee except Representative Rath.
(Representative Djou voted no.)

SCRep. 749 Finance 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 not less than those negotiated for their civil service counterparts.

The Hawaii Government Employees Association Managerial and Confidential Employees Chapter submitted testimony in support of this bill. The Department of Human Resources Development and Public Employees Management Association of Hawaii commented.

Your Committee has amended this bill by clarifying that adjustments for public sector managers shall be equivalent to or not less than the negotiated adjustments of comparable civil service employees.

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 H.B. No. 852, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 852, H.D. 2.

Signed by all members of the Committee.
(Representatives Davis, Djou, Moses and Rath voted no.)

SCRep. 750 Finance on H.B. No. 954

The purpose of this bill is to clarify the regulatory review and approval process under the automatic business permit, licenses, and approval scheme by, among other things:

- (1) Establishing December 31, 2003, as the deadline in which affected agencies must adopt their rules;
- (2) Mandating a one-year maximum time period for agencies that fail to meet the deadline;
- (3) Redefining "business or development-relating permit, license, or approval";
- (4) Requiring agencies that administers state permit programs that are delegated, authorized, or approved under federal law to review statutory references that may affect the agencies; and
- (5) Requiring the Attorney General to assist in implementing this law.

The Office of Planning and Hawaii's Thousand Friends testified in support of the measure. The Public Utilities Commission, Hawaii Audubon Society, and a concerned citizen supported the intent of the measure and suggested amendments.

The Hawaiian Electric Company, Inc., County of Hawaii, Earth Justice Legal Defense Fund, and the Sierra Club, Hawaii Chapter provided comments.

Your Committee has amended this bill by:

- (1) Exempting the Public Utilities Commission from the purview of the automatic permit approval requirements; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 954, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 954, H.D. 3.

Signed by all members of the Committee except Representative Rath.

SCRep. 751 Finance on H.B. No. 1111

The purpose of this bill is to authorize the issuance of special purpose revenue bonds of up to \$25,000,000 for Kulana Malama, an intergenerational care center in the Ewa Villages.

Kulana Malama testified in support of this measure. The Department of Budget and Finance submitted comments.

Your Committee has amended this bill by:

- (1) Amending the lapsing date to June 30, 2004; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1111, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1111, H.D. 1.

Signed by all members of the Committee except Representative Rath.

SCRep. 752 Finance on H.B. No. 1130

The purpose of this bill is to clarify the provisions relating to the Employment and Training Fund (Fund) by:

- (1) Making permanent the employer assessment to the Fund and setting the rate at 0.015 percent of taxable wages; and
- (2) Requiring employers who use or who are assisted by programs supported by the Fund to contribute up to fifty percent of the cost of the assistance.

The Fund seeks to improve the long-term employability of Hawaii's work force by offering programs relating to business-specific training, upgrade training, new occupational skills, management skills, and support services.

Your Committee received testimony in support of this measure from the the United Public Workers, AFSCME, Local 646, AFL-CIO, Building Industry Association of Hawaii, the Hyatt Regency Kauai Resort & Spa, the Oceanic Institute, Young Laundry & Drycleaning, Edward K. Noda and Associates, Inc., Camp Fitness Hawaii, Edward D. Sultan Co., Ltd., TeamWorks-Resources for Winning, and four individuals. The Department of Labor and Industrial Relations supported the intent of this bill. An individual offered comments. Opposing this measure were the National Federation of Independent Business and Hawaii Business League.

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

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 H.B. No. 1130, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1130, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 753 Finance on H.B. No. 1351

The purpose of this bill is to give the Attorney General (AG) flexibility in hiring private counsel for claims against the State that may impose substantial financial hardship or liability to the State by establishing an Impact Litigation unit within the Department of the AG.

The AG testified in opposition of this measure.

Your Committee has amended this bill by:

- (1) Adding an appropriation section, with the amount of \$1 to facilitate further discussion, and designating the AG as the expending agency;
- (2) Amending the effective date to July 1, 2001; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1351, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1351, H.D. 1.

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

SCRep. 754 Finance on H.B. No. 1670

The purpose of this bill is to ensure quality and competent teachers in our public schools by appropriating funds to support the creation and continuation of professional development schools.

The University of Hawaii and Hawaii Congress of Parents, Teachers and Students and Hawaii State Teachers Association submitted testimony in support of this bill. The Department of Education submitted testimony in support of the intent of this bill. The Office of the Lieutenant Governor commented on this bill.

Your Committee has amended this bill by:

- (1) Including consortia of public schools and departments within public schools in the definition of "professional development schools";
- (2) Clarifying that the grants provided under this bill are subject to the availability of resources; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

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 H.B. No. 1670, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1670, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 755 Finance 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 bill establishes a Prescription Drug Access Program (Program) administered by the State Health Planning and Development Agency (SHPDA), with advice from the newly created Prescription Drug Advisory Commission composed of consumers, pharmacists, and representatives of government agencies.

The Hawaii State AFL-CIO, Hawaii Catholic Conference, Hawaii State Primary Care Association, American Friends Service Committee, and Policy Advisory Board for Elder Affairs submitted testimony in support of this bill. SHPDA and the Executive Office on Aging submitted testimony in support of the intent of this bill. The Hawaii Pharmacists Association and the Board of Pharmacy commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the name of the Program to the Hawaii Rx Program;
- (2) Making all residents of the State eligible for the Program;

- (3) Allowing any prescription drug manufacturers or labelers that sell prescription drugs in the State to enter into the rebate program established under the Program;
- (4) Requiring manufacturers and labelers who enter into rebate agreements with the State to make rebate payments to the State each calendar quarter or pursuant to a schedule established by SHPDA;
- (5) Requiring SHPDA, when unable to reach agreement with a drug manufacturer or labeler on the terms of a rebate, to prompt a review of whether to place that manufacturer's or labeler's products on the prior authorization or formularies for any other state-funded prescription drug program in accordance with chapter 328, Hawaii Revised Statutes, and take similar actions involving prior authorization or formularies for any other state-funded drug program;
- (6) Requiring SHPDA to adopt rules to implement the preceding requirements;
- (7) Allowing SHPDA to publicize to doctors, pharmacists, and other health professionals, information about the relative costs of drugs produced by those who enter rebate agreements under the Program compared to those who do not enter rebate agreements;
- (8) Requiring participating retail pharmacies, beginning July 1, 2001, to offer prescription drugs at or below the average wholesale price, minus six percent, plus a dispensing fee designated by SHPDA;
- (9) Requiring that no later than January 1, 2002, participating retail pharmacies offer prescription drugs at the required prices minus the amount of any rebate received from the State; and
- (10) Making technical, nonsubstantive changes for purposes of style and clarity.

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 H.B. No. 47, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 47, H.D. 2.

Signed by all members of the Committee.

SCRep. 756 Finance on H.B. No. 176

The purpose of this bill is to implement a policy shift in addressing non-violent drug possession offenses by:

- (1) Requiring community-based supervision and treatment for persons convicted of non-violent drug possession offenses, and for probationers and parolees who are at-risk of revocation due to continued drug use;
- (2) Mandating substance abuse assessment and treatment for offenders under the custody of the Department of Public Safety (DPS) who are alcohol or drug dependent or who are otherwise in need of substance abuse treatment and monitoring; and
- (3) Establishing an interagency coordinating body for oversight of statewide offender substance abuse treatment programs.

Testimony in support of this measure was submitted by the Mental Health Association in Hawaii, TJ Mahoney & Associates, and an individual. DPS, Department of Health, Hawaii Paroling Authority, Hawaii Substance Abuse Coalition, and two individuals supported the intent of this bill. The City and County of Honolulu Department of the Prosecuting Attorney, the Honolulu Police Department, the County of Maui Department of the Prosecuting Attorney, and an individual opposed this measure. The Judiciary, the American Civil Liberties Union of Hawaii, Community Alliance on Prisons, and an individual offered comments.

The bill was amended to correct certain typographic, technical, and stylistic errors.

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 H.B. No. 176, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 176, H.D. 3.

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

SCRep. 757 Finance on H.B. No. 557

The purpose of this bill is to authorize the issuance of general obligation bonds and appropriate funds for the relocation of the Bernice Pauahi Bishop Museum Science Learning Center.

The Department of Business, Economic Development, and Tourism and Bishop Museum submitted testimony in support of this bill.

Your Committee has amended this bill by changing the amounts of general obligation bonds and the appropriations to \$1 to facilitate further discussion.

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 H.B. No. 557, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 557, H.D. 2.

Signed by all members of the Committee.
(Representatives Moses and Rath voted no.)

SCRep. 758 Finance on H.B. No. 659

The purpose of this bill is to:

- (1) Transfer funds from the Department of Business, Economic Development, and Tourism (DBEDT) Capital Loan Revolving Fund (Revolving Fund) to the Department of Health (DOH) Leaking Underground Storage Tank (LUST) Fund; and
- (2) Expand the permissible uses of moneys in the LUST fund.

DOH and Hawaii's Thousand Friends testified in support of this bill. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Clarifying that the appropriation include all unexpended and unencumbered moneys remaining in the Revolving Fund at the close of business on June 30, 2001, that were collected pursuant to Act 267, Sessions Laws of Hawaii 1991, up to \$2,500,000; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 659, H.D.1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 659, H.D. 2.

Signed by all members of the Committee except Representative Rath.
(Representatives Djou and Moses voted no.)

SCRep. 759 Finance on H.B. No. 731

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

The UH testified in support of this bill.

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

Therefore, your Committee has amended this measure by:

- (1) Including a requirement that the University provide an annual report to the Legislature on all funds transferred into the Revolving Fund and all expenditures from the Revolving Fund; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 731, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 731, H.D. 1.

Signed by all members of the Committee.

SCRep. 760 Finance 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 \$120,000 per year.

Your Committee has amended this bill by changing the effective date to July 1, 2010, to facilitate further discussion.

BOE submitted testimony in support of this bill.

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 H.B. No. 1048, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1048, H.D. 2.

Signed by all members of the Committee.

SCRep. 761 Finance on H.B. No. 1586

The purpose of this bill is to extend unemployment insurance benefits for the displaced employees of Amfac Sugar Kauai for an additional twelve months.

ILWU Local 142 and an individual submitted testimony in support of this bill. The Department of Labor and Industrial Relations submitted testimony in opposition to this bill.

Your Committee has amended this bill by changing the effective date to July 1, 2010, to ensure further discussion.

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 H.B. No. 1586, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1586, H.D. 1.

Signed by all members of the Committee except Representative Rath.
(Representative Djou voted no.)

SCRep. 762 Finance on H.B. No. 1662

The purpose of this bill is to support qualified high technology projects by "re-enacting" legislation authorizing the High Technology Development Corporation (HTDC) to issue special facility revenue bonds to finance high technology facilities.

HTDC testified in support of this measure. The Office of the Governor and the Department of Budget and Finance offered comments.

Your Committee has amended this bill by:

- (1) Requiring legislative authorization on the issuance of special facility revenue bonds; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1662, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1662, H.D. 1.

Signed by all members of the Committee except Representative Leong.

SCRep. 763 Finance 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 the State of Hawaii.

STI testified in support of this bill. The Board of Agriculture supported the intent of this bill. The Department of Budget and Finance commented.

Your Committee has amended this bill by:

- (1) Changing the bond authorization amount to \$10,000,000; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 872, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 872, H.D. 3.

Signed by all members of the Committee except Representative Rath.

SCRep. 764 Finance on H.B. No. 1149

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Science and Technology International (STI) to finance the capital costs to relocate and construct a new facility in Kakaako.

The Hawaii Community Development Authority and STI testified in support of this bill. High Technology Development Corporation supported the intent of this bill. The Department of Budget and Finance commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the bond authorization amount to \$10,000,000; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1149, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1149, H.D. 2.

Signed by all members of the Committee.

(Representative Rath voted no.)

SCRep. 765 Finance 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 Legislative Auditor's duty to review proposed mandatory health insurance coverage for specific health services.

NAMI Oahu and the Building Industry Association of Hawaii testified in support of this measure. Hawaii Business League, Hawaii Medical Service Association, Kaiser Permanente, Equal Insurance Coalition, and the Mental Health Association of Hawaii supported the intent of this measure.

The Office of Information Practices provided comments.

Your Committee has amended this bill by:

- (1) Adding three members representing the business community to the Panel; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 237, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 237, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 766 Finance on H.B. No. 632

The purpose of this bill is to establish a statutory framework for the licensure of home and community-based case management agencies.

The Attorney General, Queen's Medical Center, Healthcare Association of Hawaii, Catholic Charities Elderly Services, Residential Choices, Inc., Case Management, Inc., Coalition for Affordable Long Term Care, Hale Makua, Nightingale Case Management, Inc., and several individuals submitted testimony in support of this bill. The Department of Human Services (DHS) submitted testimony in support of this bill with proposed amendments. Maui Youth and Family Services, Inc. submitted testimony in support of the intent of this bill. The Alliance of Residential Care Administrators submitted testimony in opposition to this bill.

Your Committee has amended this bill by specifying that in conjunction with investigations conducted by DHS:

- (1) Community care foster family homes shall be subject to investigation by community-based case management agencies; and
- (2) These agencies shall be allowed to develop procedures for such investigations in conjunction with DHS.

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 H.B. No. 632, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 632, H.D. 3.

Signed by all members of the Committee.

SCRep. 767 Finance on H.B. No. 702

The purpose of this bill is to establish a Correctional Health Care Program (Program) within the Department of Public Safety (PSD), which will:

- (1) Provide for the health care needs of inmates; and
- (2) Allow PSD to hire a program administrator and qualified physicians exempt from civil service.

PSD and the Hawaii Government Employees Association submitted testimony in support of the measure and recommended amendments.

Your Committee has amended this bill by:

- (1) Allowing those physicians already working for PSD in the Program to remain civil service employees at their option;
- (2) Changing the effective date to take effect upon its approval; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 702, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 702, H.D. 2.

Signed by all members of the Committee.

SCRep. 768 Finance on H.B. No. 1041

The purpose of this bill is to require that teachers receive their normal annual increment or longevity increase, as the case may be, for a year's satisfactory service in any given fiscal year, thereby removing this term of employment from collective bargaining negotiations.

The Hawaii State Teachers Association testified in support of this measure. The Department of Education supported the intent of this bill. The Department of Human Resources Development offered comments.

Your Committee has amended this bill by:

- (1) Placing the new provision on teacher compensation under chapter 89, Hawaii Revised Statutes (HRS), instead of chapter 77, HRS; and
- (2) Correcting certain technical drafting errors.

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 H.B. No. 1041, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1041, H.D. 2.

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

SCRep. 769 Finance on H.B. No. 1310

The purpose of this bill is to authorize the issuance of special purpose revenue bonds (SPRBs) to assist Hi-Tech Hawai'i, Inc., with the financing or refinancing of the design and construction of a high-technology research and development facility.

Hi-Tech Hawai'i, Inc., submitted testimony in support of this bill. The Department of Hawaiian Home Lands submitted testimony in support of the intent of this bill. The Department of Budget and Finance submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Clarifying that the authorization to issue SPRBs in this bill is being made pursuant to only part V, chapter 39A, Hawaii Revised Statutes, relating to industrial enterprises;
- (2) Leaving blank the SPRBs amount to facilitate further discussion; and
- (3) Changing the effective date to July 1, 2001.

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 H.B. No. 1310, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1310, H.D. 1.

Signed by all members of the Committee.

SCRep. 770 Finance on H.B. No. 1555

The purpose of this bill is to address the increasing need for statewide adolescent substance abuse treatment by:

- (1) Providing services at middle schools and high schools in the State; and
- (2) Making an appropriation to implement the services.

NAMI Oahu, Hina Mauka, Young Men's Christian Association of Honolulu, Kalihi Branch, Big Island Substance Abuse Council, and concerned citizens submitted testimony in support of this measure. The Department of Education and Department of Health supported the intent of this measure.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1555, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1555, H.D. 2.

Signed by all members of the Committee.

SCRep. 771 Finance on H.B. No. 1671

The purpose of this bill is to make the Hawaii Teacher Standards Board (Board), rather than the Department of Education (DOE), responsible for the licensing and credentialing of teachers.

The Office of the Lieutenant Governor, University of Hawaii, Hawaii State Teachers Association, Hawaii Association of Independent Schools, Hawaii Business Roundtable, and the Hawaii Teacher Standards Board testified in support of this bill. The Hawaii Congress of Parents, Teachers, and Students supported the intent of the bill. DOE commented on the bill.

Your Committee has amended this bill by:

- (1) Providing that on an emergency and case-by-case basis, the DOE may hire an unlicensed individual for up to four years;
- (2) Clarifying that permits from the Board are not required for emergency hires;
- (3) Excluding the numbers and types of students taught by out-of-field teachers from the DOE's annual report to the Board; and
- (4) Making technical, nonsubstantive changes for purposes of clarity and style.

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 H.B. No. 1671, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1671, H.D. 2.

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

SCRep. 772 Finance on H.B. No. 1685

The purpose of this bill is to exempt from the general excise tax (GET), amounts received as rent for the rental or leasing of aircraft or aircraft engines used for interstate transportation of passengers and goods.

The Tax Foundation submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1685, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1685, H.D. 1.

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

SCRep. 773 Judiciary and Hawaiian Affairs on H.B. No. 1221

The purpose of this bill is to prohibit and provide civil and injunctive remedies 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. In addition, this bill:

- (1) Provides conditions the Court may consider in determining bad faith intent;
- (2) Clarifies that the prohibition does not apply if the name registered as a domain name is connected to a work of authorship, including fiction or nonfiction entertainment and dramatic, literary, audiovisual, or musical works; and
- (3) Establishes a cause of action for any person or the deceased person's legal representative if the Attorney General fails to respond within thirty days of the person's request, or declines to prosecute.

The Lieutenant Governor, speaking as a concerned citizen, testified in support of the bill. Verizon Hawaii supported the intent of the bill.

The practice of cyber piracy harms consumers, electronic commerce, and the goodwill equity of valuable names. However, there are only a few laws that regulate the Internet to prohibit cyber piracy. In 1999, Congress enacted the Anticybersquatting Consumer Protection Act (ACPA), Public Law No. 106-113, 113 Stat. 1501, to create a new civil action in favor of a trademark owner, including a personal name that is protected as a mark, against a person who has a bad faith intent to profit from the mark. Also, the California Legislature recently enacted the Cyber Piracy Law to further expand the protections on trademarks provided by ACPA. This bill is based on the California law.

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. 1221, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1221, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Chang, Souki, Yoshinaga and Whalen.

SCRep. 774 Judiciary and Hawaiian Affairs on H.B. No. 538

The purpose of this bill is to clarify, update, restructure, and refine the administration, implementation, and enforcement of the chapter 205A, Hawaii Revised Statutes, relating to coastal zone management.

Testimony in support of this bill was submitted by the Office of Planning of the Department of Business, Economic Development, and Tourism, the County of Hawaii Planning Department, and the Non-government Subcommittee of the Marine and Coastal Zone Management Advisory Group. The Sierra Club, Hawaii Chapter, proposed amendments and testified in support of the bill's intent.

Hawaii's Thousand Friends submitted testimony in opposition to the bill.

Your Committee finds that providing public notice of special management area minor permits is consistent with the intent of this bill, since it increases the public's awareness of activities that affect Hawaii's coastal zones.

Your Committee has amended this bill by:

- (1) Establishing a public notice requirement prior to the issuance of a special management area minor permit; 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 538, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 538, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.

SCRep. 775 Judiciary and Hawaiian Affairs on H.B. No. 683

The purpose of this bill is to strengthen the management of the state park system by:

- (1) Establishing administrative fines for violations; and
- (2) Establishing minimum fines for petty misdemeanor violations;

Testimony in support was submitted by the Department of Land and Natural Resources (DLNR) and a member of the public.

Your Committee has been informed by DLNR that currently, violations of state park rules are handled through court criminal proceedings. However, DLNR believes that the violations could be more effectively and expeditiously addressed by the assessment of administrative fines.

Although your Committee agrees with the intent of this measure, there is concern that the level of administrative fines suggested by DLNR is excessive. Accordingly, your Committee has amended this bill by reducing the penalties for violations of state park rules as follows:

- (1) For a first violation, a fine of up to \$2,500;
- (2) For a second violation within five years of a previous violation, a fine of up to \$5,000; and
- (3) For a third or subsequent violation within five years of the last violation, a fine of not more than \$10,000.

Your Committee has also 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 683, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 683, H.D. 2.

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

SCRep. 776 Judiciary and Hawaiian Affairs on H.B. No. 690

The purpose of this bill is to protect Hawaii's natural resources by:

- (1) Establishing administrative fines for violations relating to the Natural Area Reserve System (NARS) and the State Endangered Species Act (ESA);

- (2) Removing the maximum ceiling provision for violations of the ESA; and
- (3) Increasing the fines for intentionally, knowingly, or recklessly killing a threatened or endangered species.

Testimony in support was submitted by the Department of Land and Natural Resources (DLNR), the Hawaii Audubon Society, and a member of the public.

Your Committee has been informed by DLNR that violations of the NARS and ESA rules can be addressed more effectively through administrative fines, rather than through the criminal justice system. Although criminal convictions and the possibility of jail time may be appropriate for serious violations, DLNR believes that the assessment of fines would be a more effective deterrent.

Although your Committee agrees with the intent of this measure, there is concern that the level of administrative fines suggested by DLNR is excessive. Accordingly, your Committee has amended this bill by reducing the penalties for violations of NARS and ESA rules as follows:

- (1) For a first violation, a fine of up to \$2,500;
- (2) For a second violation within five years of a previous violation, a fine of up to \$5,000; and
- (3) For a third or subsequent violation within five years of the last violation, a fine of not more than \$10,000.

Your Committee has also amended this measure by making technical, nonsubstantive amendments for purposes of consistency 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. 690, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 690, H.D. 2.

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

SCRep. 777 Judiciary and Hawaiian Affairs on H.B. No. 691

The purpose of this bill is to establish civil and criminal penalties for the inappropriate or excessive use of public trust trails and access roads.

Supportive testimony was submitted by the Department of Land and Natural Resources (DLNR), the Hawaii Tourism Authority, and a concerned citizen.

Your Committee finds that DLNR has initiated the use of administrative penalties for many of its natural resource programs and believes that it is a better way to handle violations of administrative rules in many cases. Although criminal convictions and the possibility of jail time would be appropriate for serious violations, in most cases, the assessment of fines provides a greater deterrent.

However, your Committee is concerned that the civil fines authorized in the bill may be excessive in light of other fines and penalties levied for similar offenses.

As such, your Committee has amended this bill by reducing the maximum limits on administrative fines as follows:

- (1) From \$10,000 to \$2,500 for a first violation;
- (2) From \$15,000 to \$5,000 for a second violation committed within five years of the first violation; and
- (3) From \$25,000 to \$10,000 for a third or subsequent violation committed within five years of the last violation.

In addition, other 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. 691, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 691, H.D. 1.

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

SCRep. 778 Judiciary and Hawaiian Affairs on H.B. No. 135

The purpose of the bill is to:

- (1) Require a driver of a vehicle to properly restrain passengers:
 - (A) Who are children up to eight years and of less than eighty pounds, in a child passenger restraint system, which term includes booster seats; and
 - (B) Who are children between the ages of eight and fifteen, in seat belts;and

(2) Provide that failure to place a child under eight years and 80 pounds in a restraint system shall not be considered contributory negligence, comparative negligence, or negligence per se.

Your Committee received testimony in support of the measure from the Department of Transportation, Department of Health, Hawaii State Commission on the Status of Women, Honolulu Police Department, Maui Police Department, and Keiki Injury Prevention Coalition.

Your Committee finds that although the use of booster seats is recommended, for older motor vehicles that are only equipped with lap seat belts, booster seats should not be used if a child weighs more than sixty pounds.

Your Committee has amended this bill by:

- (1) Providing that for cars with lap seat belts, booster seats are required only for children up to eight years of age weighing less than 60 pounds;
- (2) Making clear that children four years of age or older must be restrained in a booster seat or in a child safety seat, as appropriate to the size of the child;
- (3) Changing the effective date of the bill to January 1, 2002, to better allow for implementation of the law; and
- (4) Making technical, nonsubstantive changes for purposes of clarity, consistency, 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. 135, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 135, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Souki and Yoshinaga.
(Representative Whalen voted no.)

SCRep. 779 Finance 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).

DOE submitted testimony in opposition to this bill. The Department of Health submitted comments on this bill.

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 H.B. No. 1678, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 780 Finance on H.B. No. 1391

The purpose of this bill is to support fine arts as a fundamental component of a student's comprehensive educational experience by:

- (1) Directing the State Foundation on Culture and the Arts (SFCA) to:
 - (a) Convene the Hawaii Arts Education Partners (Partners) to fully implement the terms of the Hawaii Arts Education Strategic Plan (Plan); and
 - (b) Include the efforts of the Partners and its progress in implementing the Plan in SFCA's annual reports;and
- (2) Appropriating funds for 28 school-level positions in the four main disciplines of the fine arts.

Testimony in support of this measure was submitted by SFCA, the Hawaii Alliance for Arts Education, the Hawaii Association of Independent Schools, and two individuals.

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 H.B. No. 1391, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 781 Finance on H.B. No. 1640

The purpose of this bill is to appropriate funds to establish and implement a permanent intra-island water ferry transportation system contingent on collaborative efforts among the Department of Transportation, counties, federal government, and interested parties from the public and private sectors.

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 H.B. No. 1640, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representative Davis and Djou voted no.)

SCRep. 782 Finance on H.B. No. 1044

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

The Board of Education and the Legislative Auditor testified in support of this bill.

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 H.B. No. 1044, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 783 Finance on H.B. No. 1216

The purpose of this bill is to appropriate funds to the Korean Centennial Celebration Commission in preparation for the celebration of the centennial anniversary of the arrival of the first Korean immigrants to Hawaii.

The State Foundation on Culture and the Arts, Korean Centennial Celebration Commission, Korean American Bar Association Hawaii, and an individual submitted testimony in support of this bill.

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 H.B. No. 1216, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 784 Finance on H.B. No. 1318

The purpose of this bill is to allow the Public Employees Health Fund (Health Fund) flexibility to improve benefits for retired employees by offering health plans tailored to the needs of their age group.

The Hawaii State Teachers Association testified in support of this measure. The Department of Budget and Finance and Health Fund Board of Trustees supported the intent of this measure.

The Hawaii Government Employees Association strongly opposed this measure.

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 H.B. No. 1318, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 785 Finance on H.B. No. 1361

The purpose of this bill is to establish a joint committee of the Legislature to chair the Hawaiian Affairs Task Force to examine and make recommendations on the impacts of federal case law on the future of the Hawaiian people.

The Office of Hawaiian Affairs, the Department of Hawaiian Home Lands and the Oahu Council of the Association of Hawaiian Civic Clubs testified in support of this bill.

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 H.B. No. 1361, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 786 Finance on H.B. No. 869

The purpose of this bill is to allow new types of farming entities to qualify for the agricultural loan program by:

- (1) Amending the definition of "qualified farmer" under chapter 155, Hawaii Revised Statutes (Agricultural loans); and

(2) Repealing the residency requirement for partnerships and corporations from the Agricultural Loan Program.

The Department of Agriculture testified in support of this bill.

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 H.B. No. 869 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 787 Finance on H.B. No. 870

The purpose of this bill is to clarify that obtaining a loan or mortgage is not a prerequisite to extending or modifying a lease of public lands.

The Hawaii Farm Bureau Federation testified in support of this bill. The Department of Land and Natural Resources and Hawaii Forest Industry Association opposed this bill.

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 H.B. No. 870 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 788 Finance on H.B. No. 925

The purpose of this bill is to assist Kauai's economy, which is suffering from the closure of the sugar industry by authorizing loans in the aggregate up to \$5,000,000 to provide financial assistance to agriculture and aquaculture enterprises on Kauai.

Testimony in support of this measure was submitted by Kauai County Farm Bureau, Kauai Chamber of Commerce, Kauai Economic Development Board, and Ceatech USA. The Department of Agriculture supported the intent of this bill.

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 H.B. No. 925, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Leong.

SCRep. 789 Finance on H.B. No. 695

The purpose of this bill is to implement the redevelopment plans for Kakaako Makai by relocating the Produce Center Development, Ltd., which is located on the site for the development of the University of Hawaii John A. Burns School of Medicine/Biomedical Research Center.

The Hawaii Community Development Authority and the Department of Land and Natural Resources testified in support of this bill.

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 H.B. No. 695, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Moses and Rath voted no.)

SCRep. 790 Finance on H.B. No. 860

The purpose of this bill is to provide qualified retirants of the Employees' Retirement System (ERS) who served in the armed forces of the United States, military service credit of up to four years.

Concerned citizens submitted testimony in support of this measure. The Office of Veterans Affairs, Hawaii Government Employees Association, and United Public Workers testified in support of the intent of this measure. ERS submitted comments.

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 H.B. No. 860, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 791 Finance on H.B. No. 1113

The purpose of this bill is to:

- (1) Allow a surviving spouse or reciprocal beneficiary whose benefits from the Employees' Retirement System (ERS) were terminated due to remarriage or entry into another reciprocal beneficiary relationship subsequent to the member's death, to apply for reinstatement of the pension benefit; and
- (2) Clarify ambiguities relating to the purchase of military service credit by allowing contributory plan members to acquire up to four years of military service credit at no cost.

United Public Workers and the Hawaii Government Employees Association submitted testimony in support of this bill. The Office of Veterans Services submitted testimony in support of the intent of this bill. ERS submitted comments on this bill.

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 H.B. No. 1113, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 792 Finance on H.B. No. 1595

The purpose of this bill is to provide incentives for public employees to seek excluded managerial positions by requiring that proposed adjustments for excluded civil service employees:

- (1) Result in compensation and benefit packages that are at least equal to the packages provided under collective bargaining agreements for counterparts and subordinates; and
- (2) Are equivalent or not less than adjustments provided in other jurisdictions.

The Hawaii Government Employees Association Managerial and Confidential Employees Chapter testified in support of this measure. The Department of Human Resources Development and the Public Employees Management Association of Hawaii offered comments.

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 H.B. No. 1595, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Djou and Rath voted no.)

SCRep. 793 Finance on H.B. No. 296

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

The Hawaii Long Term Care Association and Ann Pearl Nursing Facility and Adult Day Health Center supported this measure.

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 H.B. No. 296, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 794 Finance on H.B. No. 644

The purpose of this bill is to reduce medication errors and prescription fill time by:

- (1) Allowing the confidential electronic transmittal of prescriptions to authorized agents;
- (2) Allowing prescription records to be kept electronically; and
- (3) Clarifying and updating definitions and procedures.

The Hawaii Medical Service Association, Kaiser Permanente, and the Hawaii Pharmacists Association testified in support of this measure.

The Department of Health submitted comments.

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 H.B. No. 644, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 795 Finance on H.B. No. 654

The purpose of this bill is to protect public health by requiring that plumbing fittings and fixtures be lead free.

The Department of Health and the Board of Water Supply testified in support of this measure.

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 H.B. No. 654, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 796 Finance 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.

The Office of the Lieutenant Governor and the Department of Health testified in support of this bill.

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 H.B. No. 666, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 797 Finance on H.B. No. 626

The purpose of this bill is to authorize the Department of Hawaiian Home Lands (DHHL) to require that a successor or successors who receives a homestead lease due to:

- (1) The death of a lessee who leaves no qualified successor;
- (2) Cancellation of a lease by DHHL; or
- (3) The surrender of a lease by the lessee, to secure private financing to repay any advances made from the Hawaiian Home Loan Fund or Hawaiian Home General Loan Fund.

DHHL testified in support of this bill.

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 H.B. No. 626, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 798 Finance on H.B. No. 627

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

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

The Keokea Hawaiian Homes Farmers Association, Ahupuaa of Kauai, and a concerned citizen testified in support of this bill. The Department of Hawaiian Home Lands supported the intent of this bill. The American Friends Service Committee, Hui Kako'o Aina Ho'opulapula, and a concerned citizen opposed this bill.

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 H.B. No. 627, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 799 Finance on H.B. No. 516

The purpose of this bill is to ensure the effective administration, implementation, and enforcement of the laws and programs relating to tobacco, including the Master Settlement Agreement and cigarette tax, by:

- (1) Establishing the Cigarette Tax Stamp Administrative Special Fund and the Cigarette Tax Stamp Enforcement Special Fund;
- (2) Prohibiting the resale of tax-exempt cigarettes purchased from military outlets;
- (3) Providing that no cigarette tax stamp shall be required for cigarettes sold for personal use at military sales outlets; and

(4) Codifying a rebuttable presumption that all cigarettes are subject to the tax unless otherwise exempted by chapter 245, Hawaii Revised Statutes.

The Department of Taxation and Department of the Attorney General submitted testimony in support of this bill. The Tax Foundation of Hawaii provided comments on the measure.

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 H.B. No. 516, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 800 Finance on H.B. No. 166

The purpose of this bill is to increase Hawaii's minimum wage to \$5.50 per hour beginning July 1, 2002, and \$6.00 per hour beginning July 1, 2003.

The Hawaii State Commission on the Status of Women, Hawaii State Teachers Association, ILWU Local 142, and Hawaii Catholic Conference submitted testimony in support of this bill. The Department of Labor and Industrial Relations, Hawaii State AFL-CIO, and American Friends Service Committee submitted testimony supporting the intent of this bill.

The Chamber of Commerce of Hawaii and National Federation of Independent Business submitted testimony in opposition to this bill.

Kyotaru Hawaii Corporation and the Hawaii Restaurant Association submitted comments on this bill.

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 H.B. No. 166, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 801 Finance on H.B. No. 139

The purpose of this bill is to increase the annual legislative allowance for each member from \$5,000 to \$7,500 to cover incidental legislative expenses.

In supporting this measure, the League of Women Voters of Hawaii stated that:

- (1) The incidental expenses necessary in carrying out legislative responsibilities should not come out of campaign funds or the legislator's private funds; and
- (2) The increase to \$7,500 was not unreasonable.

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 H.B. No. 139 and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representative Yonamine and Djou voted no.)

SCRep. 802 Finance on H.B. No. 143

The purpose of this bill is to increase the per diem allowance of state legislators to:

- (1) Two-thirds of the General Services Administration rate for Hawaii for in-state 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.

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 H.B. No. 143, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 803 Finance on H.B. No. 1667

The purpose of this bill is to:

(1) Establish the Hawaii Educator Loan Program (HELP) and Special Fund to be administered by the University of Hawaii (UH) to provide loans to student with a baccalaureate degree in education who agree to teach in the Hawaii public school system;

(2) Provide for implementation and funding of HELP.

The Hawaii State Teachers Association and the Hawaii Association of Independent Schools supported this bill. UH supported the intent of the measure. Comments were provided by the Office of the Lieutenant Governor. The Department of Budget and Finance opposed the bill.

Your Committee has amended this measure as suggested by the Office of the Lieutenant Governor, to:

(1) Provide more clearly that a HELP applicant must be enrolled in a Department of Education-approved teacher education program at UH to receive a loan under HELP;

(2) Limit loan forgiveness under HELP to loan recipients who:

(A) Teach in a hard-to-fill position in a Hawaii public school as either:

(i) A qualified elementary school teacher; or

(ii) A qualified secondary school teacher in the subject area relevant to the recipient's major;

and

(B) Work in the public school system for at least ten consecutive years;

and

(3) Require that if the HELP recipient fails to abide by the ten-year qualification rule, the remaining loan and interest balance must be repaid at an interest rate of ten percent.

Your Committee 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1667, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1667, H.D. 2.

Signed by all members of the Committee.

SCRep. 804 Finance on H.B. No. 212

The purpose of this bill is to enable the State to determine the availability of water resources for current and future agricultural uses by appropriating funds to implement the Agricultural Water Use and Development Plan.

Testimony in support of this bill was submitted by the Hawaii Farm Bureau Federation, County of Maui Department of Water Supply, Big Island Farm Bureau, and Pineapple Growers Association of Hawaii. The University of Hawaii at Manoa Environmental Center supported the intent of this measure. The Department of Agriculture and Department of Land and Natural Resources offered comments.

Your Committee has amended this bill by:

(1) Clarifying that the plan is deemed necessary to qualify for federal aid financing or reimbursement pursuant to Public Law 106-566; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 212, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 212, H.D. 2.

Signed by all members of the Committee except Representative Leong.

SCRep. 805 Finance on H.B. No. 861

The purpose of this bill is to appropriate funds to authorize the Agribusiness Development Corporation to provide for the operation and maintenance of agriculture infrastructure systems on Kauai.

The Kauai County Office of Economic Development, Kauai Chamber of Commerce, Kauai Economic Development Board, Agribusiness Development Corporation, Kauai County Farm Bureau, Pioneer Hi-bred International, Inc., Saiva Saddhanta Church, East Kauai Water Users' Cooperative, Ceatech USA, Syngenta Seeds, Inc., a Kauai County Council member, and an individual submitted testimony in support of this bill.

Your Committee has amended this bill by changing the general fund appropriation amount to be deposited into the Hawaii Agricultural Development Revolving Fund to \$1.

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 H.B. No. 861, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 861, H.D. 2.

Signed by all members of the Committee except Representative Leong.

SCRep. 806 Finance on H.B. No. 1074

The purpose of this bill is to give taxpayers a four percent general excise tax (GET) credit on the cost of construction of new drought mitigating water storage facilities, or the repair or reconstruction of existing water storage facilities, including ancillary structures.

The Hawaii Farm Bureau, Maui County Farm Bureau, Big Island Farm Bureau, Pineapple Growers Association of Hawaii, and Ulupalakua Ranch, Inc. testified in support of this bill. The Tax Foundation of Hawaii and the Department of Agriculture commented on this bill. The Department of Taxation opposed this bill.

Your Committee has amended this bill by:

- (1) Changing the GET credit to an income tax credit;
- (2) Removing ancillary structures from the income tax credit;
- (3) Inserting a five-year limit on the income tax credit;
- (4) Changing the effective date to December 31, 2010; and
- (5) Making technical, nonsubstantive changes for purposes of clarity and style.

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 H.B. No. 1074, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1074, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 807 Finance 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:

- (1) Extending the energy conservation income tax credit (tax credit) to 2010; and
- (2) Providing a tax credit for combined heat and power systems.

Testifying in support of this measure were the Department of Business, Economic Development, and Tourism; Building Industry Association of Hawaii; Sierra Club, Hawaii Chapter; the Hydrogen Renewable Energy Enterprise, LLC; and Vertical Wind Turbine Technologies, LLC.

The Gas Company; Hawaii Renewable Energy Alliance; and Hawaiian Electric Company and its subsidiary utilities, Hawaii Electric Light Company and Maui Electric Company, supported the intent of this bill.

The Department of Taxation opposed this bill. The Tax Foundation of Hawaii, Life of the Land, Hawaii Solar Energy Association, and the Plumbing and Mechanical Contractors Association of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Deleting the provisions that provide a tax credit for combined heat and power systems;
- (2) Reducing the life of the tax credit by four years to July 1, 2006;
- (3) Changing the effective date to apply to taxable years beginning after December 31, 2010, for the purpose of continued discussion; and
- (4) Making technical, nonsubstantive amendments for the purpose of consistency.

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 H.B. No. 1282, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1282, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 808 Finance 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.

The University of Hawaii School of Social Work, Center on the Family at the University of Hawaii, Hawaii Centers for Independent Living, Good Beginnings Alliance, Hawaii Kids Count, Hawaii Performance Partnership Board, and concerned citizens testified in support of this measure. The University of Hawaii College of Tropical Agriculture and Human Resources and a concerned citizen supported the intent of this measure.

Your Committee has amended this bill by changing the expending agency to the Office of the Governor.

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 H.B. No. 840, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 840, H.D. 2.

Signed by all members of the Committee.

SCRep. 809 Finance on H.B. No. 572

The purpose of this bill is to use excess rate credits and reimbursements in the Public Employees Health Fund (Health Fund) to fund a study to analyze and review benefit plans.

The Hawaii Government Employees Association supported this measure.

The United Public Workers, Hawaii State Teachers Association, Health Fund Board of Trustees, and Department of Budget and Finance opposed this measure.

Your Committee has amended this bill by deleting its contents and inserting the substance of H.B. No. 572 in its original form. As amended, this bill would enable the Health Fund to give employee-beneficiaries:

- (1) A return of their portion of the rate credits or reimbursements earned during ascertainable years of participation; or
- (2) A reduction in their respective share of monthly contributions to a health benefits plan.

Technical, nonsubstantive amendments were also made to conform with standard drafting conventions.

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 H.B. No. 572, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 572, H.D. 2.

Signed by all members of the Committee.

SCRep. 810 Finance on H.B. No. 596

The purpose of this bill 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 to HHRF for fiscal year 2001-2002.

The HHRF Board, Hawaii Association of Realtors, and Hawaii Insurers Council submitted testimony in support of this bill. The Department of Land and Natural Resources, Mortgage Bankers of Hawaii, and Hawaii Independent Insurance Agents Association submitted testimony in support of the intent of this bill. An individual submitted testimony opposing this bill.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 596, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 596, H.D. 2.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 811 Finance on H.B. No. 850

The purpose of this bill is to allow an employee to use any accrued and available sick leave to care for a child, parent, spouse, or reciprocal beneficiary.

The Hawaii State Teachers Association, Hawaii Government Employees Association, International Brotherhood of Electrical Workers, ILWU Local 142, and Hawaii State AFL-CIO supported this bill. The Department of Human Resources Development commented on this bill. The Department of Labor and Industrial Relations and the Hawaii Bankers Association opposed this bill.

Your Committee has amended this bill by:

- (1) Limiting the amount of accrued and available sick leave to 10 days per year;
- (2) Clarifying that the employee's child, parent, spouse, or reciprocal beneficiary must have a "serious health condition;"
- (3) Conforming the definitions of "employee" and "serious health condition" to the definitions set forth in chapter 398, Hawaii Revised Statutes; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 850, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 850, H.D. 2.

Signed by all members of the Committee.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 812 Finance on H.B. No. 1589

The purpose of this bill is to extend the Transient Accommodations Tax (TAT) base to travel agencies and tour packagers furnishing transient accommodations through noncommissionable negotiated contract rates.

The Mayor of the City and County of Honolulu, Office of the Managing Director of the City and County of Honolulu, Mayor of the County of Hawaii, Hawaii State Teachers Association, Hawaii State AFL-CIO, IWLU Local 142, and several members of the Maui County Council submitted testimony in support of this bill. The Department of Taxation, Tax Foundation of Hawaii, and an individual submitted comments on this bill. The Hawaii Hotel Association, Outrigger Hotels and Resort, Ohana Hotel Group, and American Society of Travel Agents submitted testimony in opposition to this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date to apply to taxable years beginning after December 31, 2001; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

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 H.B. No. 1589, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1589, H.D. 1.

Signed by all members of the Committee.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 813 Finance on H.B. No. 213

The purpose of this bill is to:

- (1) Extend the date by which the Board of Directors of the Agribusiness Development Corporation (Board) shall incorporate new requirements for the knowledge and experience of members;
- (2) Extend the date by which the Board shall be replaced with the Board of Agriculture; and
- (3) Appropriate funds to the Department of Agriculture for various agricultural projects.

The Hawaii Agriculture Research Center, Hawaii Farm Bureau Federation, Big Island Farm Bureau, Kauai County Farm Bureau, and two individuals submitted testimony in support of this bill.

Your Committee has amended this bill by changing the appropriation amount to \$1. Technical, nonsubstantive amendments were made for purposes of style and clarity.

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 H.B. No. 213, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 213, H.D. 2.

Signed by all members of the Committee except Representative Leong.

SCRep. 814 Finance on H.B. No. 169

The purpose of this bill is to encourage viable candidates to run effective public campaigns by establishing a Public-funded Elections Pilot Program for the City and County of Honolulu Council elections of 2002.

This bill will test the feasibility of an alternate system of campaign financing that is intended to lessen the influence of special interests in campaigns.

Testimony in support of this measure was submitted by The League of Women Voters of Hawaii, Common Cause Hawaii, the Hawaii Green Party, Hawaii Clean Elections, and an individual. The Campaign Spending Commission opposed this bill.

Your Committee has amended this bill by:

- (1) Deleting the provision that temporarily suspends the partial public funding program under chapter 11, Hawaii Revised Statutes, during the 2002 City Council election period;
- (2) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (3) Making technical, nonsubstantive amendments to correct certain typographic, technical, and stylistic errors.

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 H.B. No. 169, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 169, H.D. 2.

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

SCRep. 815 Finance on H.B. No. 857

The purpose of this bill is to establish a Chief Information Officer position within the Office of the Governor on a temporary basis.

The Executive Assistant to the Governor and Special Advisor for Technology Development, Department of Accounting and General Services, and Office of Information Practices submitted testimony in support of this bill. The High Technology Development Corporation supported the intent of this bill.

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

- (1) Changing the appropriation amount to \$1;
- (2) Removing the section regarding the general fund expenditure ceiling; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

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 H.B. No. 857, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 857, H.D. 2.

Signed by all members of the Committee.

SCRep. 816 Finance 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 Development Corporation, Oceanit, and the Hawaii Technology Trade Association testified in support of this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Requiring the Department of Business, Economic Development, and Tourism, in concert with private industry, to produce an annual report to evaluate the effectiveness of the various tax incentive initiatives designed to create and develop a high technology industry within the State; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 719, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 719, H.D. 1.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 817 Finance 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 Hawaii Government Employees Association and the United Public Workers opposed this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010, for the purpose of further discussion; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 171, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 171, H.D. 1.

Signed by all members of the Committee.

SCRep. 818 Finance on H.B. No. 620

The purpose of this bill is to:

- (1) Allow for the privatization of government services, including the procurement of goods and construction; and
- (2) Create a uniform process for managed competition.

The Department of Accounting and General Services and Department of Human Resources of the City and County of Honolulu testified in support of this measure.

The United Public Workers and Hawaii Government Employees Association opposed this measure.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 620, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 620, H.D. 2.

Signed by all members of the Committee.

SCRep. 819 Finance 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, in the Kakaako community development district.

The Hawaii Community Development Authority, Department of Business, Economic Development, and Tourism, and the Department of Budget and Finance testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 554, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 554, H.D. 2.

Signed by all members of the Committee.
(Representative Djou, Moses and Rath voted no.)

SCRep. 820 Finance on H.B. No. 1156

The purpose of this bill is to provide that upon dissolution of the Hawaii Hurricane Relief Fund (HHRF), the remaining moneys shall be deposited into the Emergency Budget and Reserve Fund.

The Department of Budget and Finance and an individual submitted testimony in support of the intent of this bill.

The Department of Commerce and Consumer Affairs, Hawaii Association of Realtors, and Hawaii Independent Insurance Agents submitted testimony in opposition to this bill. The HHRF Board submitted comments.

Your Committee has amended this bill by deleting its substance and inserting provisions requiring HHRF to develop and implement a two-year pilot program to provide matching grants to residential property owners for installation of wind damage mitigation devices.

As amended, the bill would also:

- (1) Require HHRF to report to the Legislature prior to the Regular Session of 2002 on the status of the pilot program; and

(3) Appropriate \$5,000,000 for each year of fiscal biennium 2001-2003 from the investment income of the Hurricane Reserve Trust Fund to be used for the grants provided by the pilot program.

It is the intent of your Committee that the moneys appropriated for the pilot program be taken from the investment income of the Hurricane Reserve Trust Fund.

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 H.B. No. 1156, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1156, H.D. 2.

Signed by all members of the Committee.
(Representatives Davis, Djou, Leong, Moses and Rath voted no.)

SCRep. 821 Finance on H.B. No. 71

The purpose of this bill is to provide parity for female prisoners and offenders in programs offered to similarly situated males.

The American Civil Liberties Union of Hawaii, Hawaii State Commission on Status of Women, Community Alliance on Prisons, Hawaii Substance Abuse Coalition, and thirteen concerned citizens testified in support of this bill. The Department of Public Safety (DPS), and Office of Youth Services supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Inserting language to address DPS' concerns about being burdened by an unfunded mandate; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 71, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 71, H.D. 3.

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

SCRep. 822 Finance on H.B. No. 603

The purpose of this bill is to clarify and correct ambiguities in Hawaii's limited liability partnership law.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified in support of this bill.

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

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 H.B. No. 603, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 603, H.D. 2.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 823 Finance 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 supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Appropriating funds from the Highway Special Fund instead of the General Fund; and
- (2) Making a technical, nonsubstantive change for purposes of style and clarity.

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 H.B. No. 1273, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1273, H.D. 2.

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

SCRep. 824 Finance on H.B. No. 725

The purpose of this bill is to update the statutes relating to statewide transportation to reflect current federal regulations and practices governing plan development and the statewide transportation plan.

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

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

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 H.B. No. 725, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 725, H.D. 1.

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

SCRep. 825 Finance 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 containing beverages sold for consumption in the state.

Testimony in support of this measure was submitted by the Department of Health, the Office of Environmental Quality Control, the Environmental Council, the Mayor of the County of Hawaii, the City and County of Honolulu Department of Environmental Services, the Recycling Coordinator of the County of Maui Solid Waste Division, The League of Women Voters of Hawaii, Sierra Club, Hawaii Chapter, Life of the Land, The Estate of James Campbell, and several individuals.

Opposing this bill were Anheuser Busch Companies, Retail Merchants of Hawaii, Coca-Cola Bottling Company of Hawaii, Times Super Market, Ltd., Hawaii Wholesale Liquor Dealers, Hawaii Food Industry Association, the Wine Institute, Grocery Manufacturers of America, Pacific Allied Products, Ltd., Pepsi Bottling Group, and two individuals.

The University of Hawaii at Manoa Environmental Center, the Tax Foundation of Hawaii, the Container Recycling Institute, and an individual offered comments.

Although your Committee recognizes the strong interest in reducing Hawaii's waste stream and increasing recycling, it is concerned about the impact this bill might have on consumers. As the various parties involved are still discussing how best to address these issues, your Committee finds it appropriate to pass this bill to facilitate further discussion.

Your Committee has amended this bill by:

- (1) Deleting all amounts for fees and deposits; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1256, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1256, H.D. 2.

Signed by all members of the Committee.

SCRep. 826 Finance on H.B. No. 1561

The purpose of this bill is to:

- (1) Appropriate funds for the school-to-work system; and
- (2) Require the Hawaii state school-to-work executive council strategic plan to target specific best practices relating to career development

The Department of Education and the Department of Business, Economic Development, and Tourism supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriations to \$1; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1561, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1561, H.D. 2.

Signed by all members of the Committee.

SCRep. 827 Finance on H.B. No. 179

The purpose of this bill is to appropriate funds for computers in public schools.

The Department of Education, Hawaii Technology Trade Association, and an individual submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Clarifying its intent; and
- (2) Providing that the funds be appropriated out of the Emergency and Budget Reserve Fund rather than from the General Fund.

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 H.B. No. 179, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 179, H.D. 1.

Signed by all members of the Committee.

SCRep. 828 Finance on H.B. No. 180

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for textbooks in public schools.

DOE and two individuals submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Clarifying the intent of the bill;
- (2) Changing the appropriation amount to \$4,500,000;
- (3) Providing that the funds be appropriated out of the Emergency and Budget Reserve Fund rather than from the General Fund; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 180, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 180, H.D. 2.

Signed by all members of the Committee.

SCRep. 829 Finance on H.B. No. 1056

The purpose of this bill is to provide the State and the counties with the flexibility to provide health benefits to their employees in a cost-effective manner by making the level and type of health benefits for public employees subject to collective bargaining.

The Hawaii Government Employees Association testified in support of this measure. The United Public Workers supported the intent of this bill. The Department of Budget and Finance and the Hawaii Public Employees Health Fund Board of Trustees offered comments, and the Hawaii State Teachers Association opposed this measure.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010, for the purpose of continued 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1056, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1056, H.D. 1.

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

SCRep. 830 Finance on H.B. No. 594

The purpose of this bill is to:

- (1) Authorize the Insurance 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; and
- (2) Provide that continuing education course providers must submit course completion information to DCCA by electronic means.

The Hawaii Independent Insurance Agents Association submitted testimony in support of this bill. The Association of Insurance and Financial Advisors supported the intent of this bill. DCCA submitted testimony in support of this bill with proposed amendments.

Your Committee has amended this bill by:

- (1) Lowering the fee for all services for an approved course provider from \$100 to \$65 per year;
- (2) Lowering the fee for all services for an approved continuing education course from \$30 to \$20 per year; and
- (3) Clarifying the definitions of "approved continuing education course" and "approved course provider".

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 H.B. No. 594, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 594, H.D. 2.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 831 Finance on H.B. No. 614

The purpose of this bill is to delete statutory provisions relating to libraries that are no longer necessary by repealing:

- (1) The Public-Private Partners for Literacy Trust Fund; and
- (2) The advisory council known as the Advisory Alliance for Literacy and Lifelong Learning.

The Hawaii State Public Library System testified in favor of this measure.

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

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 H.B. No. 614, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 614, H.D. 2.

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

SCRep. 832 Finance on H.B. No. 638

The purpose of this bill is to enable the Department of Human Services (DHS) to better administer its assistance programs by clarifying that:

- (1) The requirement that DHS file an annual update of its liens with the Bureau of Conveyances is an internal departmental accounting measure intended to track DHS expenditures, and is not intended to burden the Bureau of Conveyances by recording the same lien against the same property year after year;
- (2) DHS may initiate probate proceedings to enforce a lien against the estate of a recipient; and
- (3) Recording and tracking procedures apply to both types of DHS liens, specifically real estate liens on the interest of:
 - (a) A person applying for or receiving DHS assistance; and
 - (b) A medical assistance recipient who is an inpatient of a medical institution.

DHS submitted testimony in support of this bill.

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

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 H.B. No. 638, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 638, H.D. 1.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 833 Finance on H.B. No. 1076

The purpose of this bill is to appropriate funds to the Department of Public Safety (DPS) for drug treatment programs statewide.

DPS, American Civil Liberties Union of Hawaii, TJ Mahoney and Associates, Women's Community Correctional Center, and three individuals submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Adding an appropriation for the Women's Community Correctional Center;
- (2) Changing all appropriation amounts to \$1 to facilitate further discussion; and

(3) Making technical, nonsubstantive changes for purposes of style and clarity.

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 H.B. No. 1076, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1076, H.D. 2.

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

SCRep. 834 Finance on H.B. No. 862

The purpose of this bill is to appropriate funds to establish three full-time social worker IV positions in the Department of Public Safety's intake service centers.

The Department of Public Safety testified in support of this bill.

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

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 H.B. No. 862, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 862, H.D. 1.

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

SCRep. 835 Finance on H.B. No. 551

The purpose of this bill is to include the Special Advisor on Technology Development on the boards of the High Technology Development Corporation (HTDC), Hawaii Strategic Development Corporation (HSDC), and Natural Energy Laboratory of Hawaii Authority (NELHA).

The Office of the Governor, NELHA, and the Department of Business, Economic Development, and Tourism submitted testimony in support of this bill. HTDC submitted testimony in support of the intent of this bill.

Your Committee has amended this bill by:

- (1) Adding a thirteenth member from the private sector to serve on the boards of directors for HTDC, HSDC, and NELHA; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 551, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 551, H.D. 1.

Signed by all members of the Committee.

SCRep. 836 Finance on H.B. No. 282

The purpose of this bill is to make various amendments and name changes to the developmental disabilities law to comply with the changes in the Federal Developmental Disabilities law (PL 106-402 – Developmental Disabilities Assistance and Bill of Rights Act of 2000).

The State Council on Developmental Disabilities (Council), Department of Health, and Disability and Communication Access Board testified in support of this measure.

Your Committee has amended this bill by:

- (1) Reflecting the Council's guiding principles of independence, productivity, integration, inclusion, and self-determination in the plan description; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 282, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 282, H.D. 2.

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

SCRep. 837 Finance on H.B. No. 1669

The purpose of this bill is to invest in the education of teachers to improve student achievement by:

- (1) Authorizing the Hawaii Teacher Standards Board to develop, implement, and administer a program to support national board certification candidates in the public schools;
- (2) Encouraging teacher certification by reimbursing application fees, paying salary bonuses, subsidizing a candidate support program, and providing inter-island airfare for neighbor island candidates to attend support sessions and assessment center exercises; and
- (3) Appropriating funds.

The Office of the Lieutenant Governor, University of Hawaii College of Education, Hawaii State Teachers Association, Hawaii Congress of Parents, Teachers and Students, Hawaii Association of Independent Schools, Hawaii Business Roundtable, and Hawaii Teacher Standards Board testified in support of this measure. The Department of Education supported the intent of this measure.

Your Committee has 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 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 H.B. No. 1669, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1669, H.D. 1.

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

SCRep. 838 Finance 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, relating to the Secondary Student Conference, and incorporate its provisions with the establishment of the Council.

The Council and concerned citizens testified in support of this measure. The Department of Education supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Removing the inclusion of students from the Hawaii Association of Independent Schools from the Council; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

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 H.B. No. 11, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 11, H.D. 2.

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

SCRep. 839 Finance 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;
- (3) Increases funding levels for homeless assistance by providing a deeper subsidy for those families losing their welfare benefits;
- (4) Establishes the Kikala-Keokea housing revolving fund to provide low interest loans to people displaced from Kalapana and who have been denied loans from traditional financial institutions; and
- (5) Repeals the Hale Kokua Program.

The Department of Community Services of the City and County of Honolulu, Hawaii State Commission on the Status of Women, Hawaii County Economic Opportunity Council, American Friends Service Committee, Hawaii Catholic Conference, Catholic Charities, Kalihi-Palama Health Center, the Institute for Human Services, Inc., and the Affordable Housing and Homeless Alliance testified in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent the bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity and style.

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 H.B. No. 73, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 73, H.D. 2.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 840 Finance on H.B. No. 175

The purpose of this bill is to encourage and stimulate the growth of the high technology industry in Hawaii by:

- (1) Adding tax incentives;
- (2) Amending current tax benefits; and
- (3) Updating definitions.

Vertical Wind Turbine Technologies, LLC, Hawaii Venture Capital Association, Oceanit, Hawaii Construction Industry Association, Square USA, Inc., Hawaii Technology Trade Association, Total Resource Management, and concerned citizens supported the measure.

The Department of Business, Economic Development, and Tourism, Office of the Governor's Special Advisor for Technology Development, High Technology Development Corporation, Bank of Hawaii, Building Industry Association of Hawaii, Hydrogen Renewable Energy Enterprise, Mele Pacific, Inc., and a concerned citizen supported the intent of this measure.

The Department of Taxation, Tax Foundation of Hawaii, Hawaii Opportunities Group, EnterOcean, Inc., and concerned citizens commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 175, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 175, H.D. 2.

Signed by all members of the Committee.

SCRep. 841 Finance on H.B. No. 118

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

- (1) Requiring that as of July 2, 2001, operators of a child care homes located in a townhouse project, give written notice to the association of their intent to commence operation;
- (2) Requiring operators of family child care homes to assume the responsibility for physical modifications to both the unit and the common areas, that are readily achievable, and would allow full participation by a child or parent with a physical disability;
- (3) Requiring that the waiver signed by the parent, guardian, and caretaker of the child, need not be notarized;
- (4) Requiring operators of family child care homes to obtain a liability insurance policy not to exceed \$1,000,000 in coverage per provider;
- (5) Changing the repeal date to June 30, 2005; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.

The Hawaii Association for the Education of Young Children, Good Beginnings Alliance, and numerous concerned individuals testified in support of this bill. The Department of Human Services, Communications Association Institute Hawaii Chapter, and People Attentive to Children supported the intent of this bill. The Hawaii Association of Realtors, Institute of Real Estate Management, and Hawaii Council of Associations of Apartment Owners commented on this bill.

Your Committee has amended this bill by:

- (1) Providing that any declaration, bylaw, or house rule of a condominium project or planned community that prohibits or limits the use of the apartment unit for family child care purposes shall be invalid; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 118, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 118, H.D. 3.

Signed by all members of the Committee except Representative Rath.

SCRep. 842 Finance on H.B. No. 1339

The purpose of this bill is to authorize county water boards to assess, impose, levy, and collect impact fees.

The Board of Water Supply and the County of Kauai Department of Water testified in support of this bill. The County of Maui Department of Water Supply commented on this bill.

Your Committee has amended this bill by:

- (1) Amending the definition of "board" or "boards" to include the water commission of each county; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1339, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1339, H.D. 1.

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

SCRep. 843 Finance on H.B. No. 1385

The purpose of this bill is to encourage the use of renewable energy systems by amending the State's net metering law. Net energy metering measures the difference between the electricity supplied through the electric grid and the electricity generated by an eligible consumer-generator (ECG) and fed back to the electric grid.

ECGs can make a significant contribution to the State's efforts to reduce the consumption of fossil fuels, particularly in the production of electricity. As defined in the bill, an ECG is a residential or commercial customer of the electric utility (Utility). The ECG primarily produces electricity to satisfy its own needs by owning and operating an energy generating facility on its own premises. The facility cannot have a capacity of more than ten kilowatts and must be fueled by certain alternative energy sources to produce electricity. The facility must also operate in conformity with the Utility's transmission, distribution, and interconnection requirements.

The bill is modeled after California's net metering law, and as received by your Committee, this measure:

- (1) Broadens the definition of "eligible customer-generator" to include commercial customers, in addition to the present residential customer;
- (2) Requires net energy metering to be accomplished by a single meter capable of registering the flow of electricity in two directions, and if the ECG's meter is not capable of two directions, the Utility is required to install an appropriate meter at its expense;
- (3) Requires Utilities to develop a standard net metering contract and to make it available to ECGs, on a first-come-first-served basis, until an unspecified percentage of the Utility's aggregate customer peak electricity demand is met by electricity generated by ECGs;
- (4) Requires Utilities to annually report, commencing 2003, to the Public Utility Commission (PUC) the total rated generating capacity of ECGs that will be used by the PUC to determine if the Utility has met the required amount of ECG produced electricity;
- (5) Provides that the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the ECG and the electricity generated by the ECG and fed back to the electric grid over a 12-month period, and the ECG is accordingly billed at the end of the 12-month period;
- (6) Establishes the rules applicable to the annualized net energy metering calculation, such as billings, credits, payment periods and tariff rates;
- (7) Provides that the Utility does not have to pay an ECG who is a net producer for the excess electricity produced by the ECG, unless the parties have entered into a purchase contract; and allows the Utility to resell the excess electricity as green power and charge a premium for the service;
- (8) Requires the Utility to provide the ECG at each regular billing, net electricity consumption information, and gives the ECG the option to pay monthly for the net energy consumed;
- (9) Provides for the contingency that the ECG may terminate the customer relationship with the Utility during the 12-month cycle, such as reconciliation of accounts and entering into a net metering contract with a new Utility; and

(10) Exempts solar, wind turbine, biomass, or hydroelectric energy generating system, or hybrid systems, used by an ECG that meets certain national standards and rules, such as the National Electrical Code, from requirements to install additional controls, perform additional tests, or purchase additional liability insurance.

The Department of Business, Economic Development, and Tourism, the Office of Economic Development of the County of Kauai, five members of the Maui County Council, Maui Recycling Group, Inter-Island Solar Supply, Life of the Land, Vertical Wind Turbine Technologies, and four individuals offered testimony in support of this bill. Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, Hawaii Audubon Society, Sierra Club, The Hydrogen Renewable Energy Enterprise, and Hawaii Renewable Energy Alliance offered support to the bill and suggested amendments. Kauai Electric, PUC, and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs offered comments.

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

(1) Creating a new part entitled "NET ENERGY METERING," as opposed to a section, to chapter 269, Hawaii Revised Statutes;

(2) Substituting the 12-month billing period with a monthly billing period and providing that where the ECG is a net consumer of electricity, the Utility will submit a monthly billing for the net balance of moneys due the Utility. In the event the ECG is a net producer of electricity of any particular month, the credit due the ECG will be carried forward to the next month billing, until the reconciliation. The amendment provides for a reconciliation of accounts at the end of each 12 months, commencing from the date of interconnection between the systems of the Utility and the ECG; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1385, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1385, H.D. 3.

Signed by all members of the Committee.

SCRep. 844 Finance on H.B. No. 568

The purpose of this bill is to create a new governance structure for public employees' health benefits by establishing an Employer-Union Health Benefit Trust Fund, as a system and as a fund, to replace the Hawaii Public Employees Health Fund system and trust fund.

The Department of Budget and Finance testified in support of this measure. The Hawaii Public Employees Health Fund Board of Trustees, the City and County of Honolulu Department of Human Resources, the Hawaii Government Employees Association, and the Office of Information Practices offered comments. The Hawaii State Teachers Association and the United Public Workers, AFSCME, testified in opposition to this bill.

Your Committee has amended this bill by:

(1) Changing the effective date to July 1, 2010, for the purpose of continued discussion; and

(2) Correcting certain typographic, technical, and stylistic errors.

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 H.B. No. 568, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 568, H.D. 2.

Signed by all members of the Committee.

SCRep. 845 Finance on H.B. No. 733

The purpose of this bill is to:

(1) Allow service of process to be made on the University of Hawaii by serving a certified copy of the summons and complaint on the University General Counsel;

(2) Clarify that the University General Counsel, and not the Attorney General, represents members of the Board of Regents in civil actions; and

(3) Clarify that the University General Counsel is authorized to review uncollectible accounts and delete uncollectible accounts that have been delinquent for at least two consecutive years.

The University General Counsel provided testimony in support of this measure.

Your Committee has amended this measure 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 733, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 733, H.D. 2.

Signed by all members of the Committee.

SCRep. 846 Finance on H.B. No. 1058

The purpose of this bill is to institute a ceiling on public expenditures for health benefits for public employees by limiting the provision of benefits to legislative appropriations or collective bargaining, whichever is appropriate.

The Hawaii Government Employees Association submitted testimony in support of the intent of this measure. The Hawaii Public Employees Health Fund, United Public Workers, Hawaii State Teachers Association, and Hawaii State Teachers Association-Retired submitted testimony in opposition to this bill. The Department of Budget and Finance submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Limiting legislative appropriations for public health benefits expenditures to the amount appropriated in fiscal year 2001-2002; provided that any amounts subject to a collective bargaining agreement in effect on July 1, 2001 shall be appropriated until the expiration of the collective bargaining agreement; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

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 H.B. No. 1058, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1058, H.D. 1.

Signed by all members of the Committee.

SCRep. 847 Finance on H.B. No. 544

The purpose of this bill is to help stimulate the construction and sale of affordable housing units in government-sponsored projects by continuing the Housing and Community Development Corporation of Hawaii's (HCDCH) three-year buyback provision until December 31, 2004, at which time the buyback returns to ten years.

The original intent of the ten-year buyback provision was to prevent speculation and preserve housing affordability. However, as a result of the stabilization of the residential market, HCDCH found that the buyback provision was hindering the sale of affordable units, and developers of affordable projects could no longer compete in the residential market. As a result, Act 272, Session Laws of Hawaii 1998, temporarily reduced the buyback provision from ten to three years. The buyback provision automatically reverted to ten years on December 31, 2000.

HCDCH testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive revisions to correct technical drafting errors.

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 H.B. No. 544, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 544, H.D. 1.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 848 Finance on H.B. No. 633

The purpose of this bill is to allow county medical examiners and coroners to submit an application for funeral payments under the Department of Human Services' (DHS) funeral payment program on behalf of an unclaimed corpse more than sixty days after the date of death of the deceased.

DHS submitted testimony in support of this bill.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 633, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 633, H.D. 1.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 849 Finance on H.B. No. 647

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

DCAB and the Department of Human Services testified in support of this measure.

Your Committee has amended this bill by requiring that all moneys received by DCAB from application fees for credentialing of interpreters be deposited into the Special Fund.

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 H.B. No. 647, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 647, H.D. 2.

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

SCRep. 850 Finance on H.B. No. 689

The purpose of this bill is to authorize the use of the Forest Stewardship Fund to support the Forest Stewardship Program.

The Board of Land and Natural Resources and the Hawaii Forest Industry Association testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date of the appropriation to July 1, 2001; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 689, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 689, H.D. 1.

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

SCRep. 851 Finance on H.B. No. 663

The purpose of this bill is to provide early intervention and identification of children who are hard of hearing or deaf by requiring all newborn infants to be screened for hearing impairment.

The Department of Health, Christian Science Committee on Publication in Hawaii, North Hawaii Community Hospital, and concerned citizens testified in support of this measure.

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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 663, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 663, H.D. 1.

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

SCRep. 852 Finance on H.B. No. 502

The purpose of this bill is to exempt amounts paid to a professional employment organization on behalf of employees hired by a client company.

R.D. Bridges Renovations, Vuich Environmental Consultants, Inc., Lokelani Construction, Inc., Kilakila Employment Service, Hawaii Health Foundation, Yamamoto & Associates, JS Services, Inc., Scientific Consultant Services, Inc., Courier Corporation of Hawaii, C. Tomita Painting and Wallcovering, Maui School of Therapeutic Massage, Island Pool & Spa Supply, Equipment Team Hawaii, Inn at Schofield Barracks, Honolulu Landscape Maintenance, Action Rehab, Closet Systems, Furukawa Custom Builders, The Willows, Land-N-Sea Welding Inc, Leeward Petroleum, Inc., Proservice Hawaii, McClain Auctions, Environmental Biotech, Security One, Inc., Can Clean Hawaii, Interior Designs Maui Recycling Service, Inc., Insurance Factors, Law Offices of Mark T. Shklov, GMB Vinyl, Inc., Niho Mano, High Class, AmeriSpec Inspection Service, Royal Food Brokers, Pacific Medical Administrative Group, Allstate Insurance, Auto Recyclers, Inc., Hawaiian Parcel Services, Spectrum Engineering Hawaii, Clean-N-Rooter, Kamaaina Metals, Altres, Inc., Molly's Smokehouse, Carats & Karats, MacMurray Construction, Inc., Travel Hawaii, Plastow and Associates, Hawaii Transit Services, Inc., Geo Metrician, Ridge Way Motors, Squeaky Clean, Singer Sewing Center, Hinchcliff Janitorial Service, Austin Island Maintenance, Waiakapu Corporation, Wind, Sail and Surf, Pacific Appraisal Services, Inc., Nature Adventures & Outfitters, Office Furniture Solutions of Hawaii, Akamai Employment Agency, Pitzer Build Construction, Café 808, Four Star Mortgage, Hawaiian Repair and remodeling, Inc., A-Cut Above Roofing, JMP Services, and Maikai Loa Exterior Remodeling, and a concerned citizen testified in support of this bill.

Hawaii Electricians Market Enhancement Program Fund and ILWU Local 142 opposed this bill. The Department of Taxation (DOTAX) and Tax Foundation of Hawaii commented on this bill.

Your Committee has amended this bill by:

- (1) Adding language ensuring the rights of persons employed by a client company through a professional employment organization;
- (2) Stipulating that the client company shall be deemed to have satisfied obligations for workers' compensation and employee insurance coverage if satisfied by the professional employment organization;
- (3) Stipulating that the GET exemption shall not apply if any employee rights are abrogated through contract between the client company and the professional employment organization;
- (4) Accepting written notification of any violation of the new section to DOTAX from the Department of Labor and Industrial Relations or any union as enough to require DOTAX to rescind the exemption; and
- (5) Rescinding the exemption upon failure of the professional employment organization to pay any withholding taxes for employees or any federal or states taxes.

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 H.B. No. 502, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 502, H.D. 2.

Signed by all members of the Committee.

SCRep. 853 Finance on H.B. No. 1666

The purpose of this bill is to assist the minor repair and maintenance process for schools by:

- (1) Establishing the Hawaii School-Level Minor Repairs and Maintenance Special Fund (Special Fund) to be administered by the Department of Education (DOE);
- (2) Establishing two School-Level Minor Repairs and Maintenance Accounts:
 - (a) The first account to be composed of general funds appropriated to DOE; and
 - (b) The second account to be composed of funds appropriated out of the Special Fund;and
- (3) Including a check-off box on State income tax returns to allow taxpayers to designate \$2 or more of the refund amount into the Special Fund.

The Hawaii Government Employees Association supported this measure. The Department of Accounting and General Services, the Office of the Lieutenant Governor, DOE, and General Contractors Association of Hawaii supported the intent of this measure.

The Department of Budget and Finance and the Department of Taxation opposed this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Changing references to a tax "credit" to a tax "refund";
- (2) Removing the ability for the Special Fund to receive appropriations and limiting the Special Fund to amounts received from check-off boxes on income tax returns, donations, and grants;
- (3) Specifying that two Minor Repair and Maintenance accounts be established; and
- (4) Providing that any general and special funds at the close of each fiscal year shall be re-credited to their respective accounts instead of lapsing.

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 H.B. No. 1666, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1666, H.D. 2.

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

SCRep. 854 Finance on H.B. No. 730

The purpose of this bill is to provide the University of Hawaii (UH) with the flexibility to allocate portions of the indirect overhead revenues generated from UH research and training programs according to changing program needs rather than fixed statutory percentages. This measure replaces the fixed percentages specified by statute and replaces these with unspecified amounts to be determined by the Board of Regents.

Testimony in support of the intent of this measure was submitted by the University of Hawaii.

Your Committee has made 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 730, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 730, H.D. 1.

Signed by all members of the Committee.

SCRep. 855 Finance on H.B. No. 685

The purpose of this bill is to:

- (1) Raise the appraised value from under \$250 to under \$5,000, of vessels which when impounded or taken into custody by the Department of Land and Natural Resources (DLNR) may be disposed of by DLNR by sale, by conversion to DLNR or other government agency property, or as junk; and
- (2) Provide the owner, operator, or recorded lien holder of abandoned and derelict vessels an opportunity for an administrative hearing limited to contesting the basis of the vessel's impoundment.

DLNR submitted testimony in support of this bill.

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

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 H.B. No. 685, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 685, H.D. 1.

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

SCRep. 856 Finance 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 (Commissioner) to vary certain fees by rule.

The Department of Commerce and Consumer Affairs supported the intent of this bill. The Office of Information Practices commented on this bill.

Your Committee has amended this bill by:

- (1) Providing that information contained in any application or record shall be made available to the public unless that information may be withheld from public disclosure by the Commissioner under Chapter 92F, Hawaii Revised Statutes; and
- (2) Requiring that notification be given to buyers and sellers at least twenty days prior to the termination of escrow depository operations.

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 H.B. No. 584, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 584, H.D. 2.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 857 Finance on H.B. No. 636

The purpose of this bill is to simplify the Department of Human Services' (DHS) reimbursement to noninstitutional providers of medical care by:

- (1) Allowing DHS to create a new fee schedule that maintains reimbursement rates according to services provided, rather than specialty of practice; and
- (2) Deleting statutory language that is now unnecessary due to the establishment of the QUEST Managed Care Waiver Program.

DHS and the Hawaii Medical Association submitted testimony in support of this bill.

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

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 H.B. No. 636, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 636, H.D. 1.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 858 Finance on H.B. No. 301

The purpose of this bill is to:

- (1) Increase the inventory period from six months to twenty-four months, for a licensee who provides fireworks for public displays more than once a month, provided the storage conforms to all laws and regulations;
- (2) Lower the annual fee for public display companies from \$110 to \$100;
- (3) Repeal the requirement that the public display firework permit be obtained not less than twenty days prior to the date of the display; and
- (4) Establish a public display fee of \$110 per event, in addition to any licensing fees.

The County of Hawaii testified in support of this measure.

Your Committee has amended this bill by:

- (1) Clarifying that firework storage is in conformity with all applicable laws and regulations; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 301, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 301, H.D. 2.

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

SCRep. 859 Finance on H.B. No. 432

The purpose of this bill is to continue to train workers in new and emerging technology industries by appropriating funds for the Millennium Workforce Development Training Program (Program).

The Department of Labor and Industrial Relations (DLIR) and Healthcare Association of Hawaii testified in support of this measure. The Department of Business, Economic Development, and Tourism (DBEDT) supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Placing the Program under DBEDT instead of DLIR; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 432, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 432, H.D. 2.

Signed by all members of the Committee.

SCRep. 860 Finance 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 DOE principals to have three years of appropriate school-level experience as determined by DOE;
- (2) Requiring DOE vice-principals to meet the DOE's certification requirements and have appropriate school-level experience as determined by DOE; and
- (3) Allowing DOE to waive certification and experience requirements for vice-principals candidates on a case-by-case basis.

The Hawaii Business Roundtable submitted testimony in support of this bill. DOE submitted testimony in support of this bill with a suggested amendment. Hawaii Government Employees Association submitted testimony in opposition to this bill.

Your Committee has amended this bill by requiring DOE principals to have not less than five years of school-level experience of which at least three years are as a teacher.

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 H.B. No. 469, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 469, H.D. 2.

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

SCRep. 861 Finance on H.B. No. 472

The purpose of this bill is to establish a public/private partnership to coordinate, encourage, and assist all stakeholders in the task of eliminating the \$640,000,000 backlog of repair and maintenance (R&M) projects in Hawaii's public schools. More specifically, this bill:

- (1) Establishes a pilot project within the Department of Accounting and General Services (DAGS) creating a public/private partnership to develop programs to eliminate the backlog of R&M projects in the public schools;
- (2) Creates a Trust Fund for Hawaii 3R's, a nonprofit organization, for the funding of R&M projects;
- (3) Provides tax incentives to donors of cash or services;
- (4) Provides for state appropriations to be matched by federal and private contributions; and
- (5) Makes an appropriation to the Trust Fund.

The senior U.S. Senator from Hawaii, DAGS, Hawaii 3R's, America's Promise Hawaii, General Contractors Association of Hawaii, Hawaii Business Roundtable, Hawaii State Teachers Association, Zippy's, Inc., and many individuals submitted testimony in support of this bill. The Department of Education submitted testimony in support of the intent of this bill. The Department of Budget and Finance and Department of Taxation submitted testimony in opposition to this bill. Tax Foundation of Hawaii submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Specifying that DAGS shall be the expending agency, and contract with Hawaii 3R's to provide grants and contracts supported by the trust fund;
- (2) Defining "value of contributions of in-kind services";
- (3) Clarifying that if a deduction is taken under section 62 (adjusted gross income defined) of the Internal Revenue Code, that no tax credit shall be allowed for that portion of a contribution made;
- (4) Requiring the Hawaii School Maintenance and Repair Advisory Board to maintain records of those eligible for credit and amounts contributed, and requiring DAGS to verify contributions;
- (5) Requiring DAGS to issue certificates which state the amount of contribution, verifies license, and verifies that the taxpayer is not delinquent in payments, and clarifying that the taxpayer must not be delinquent to qualify for the tax credit; and
- (6) Prohibiting DAGS from certifying more than \$2,500,000 in total in-kind contributions per year, and prohibiting the State from providing more than 10 percent of that total (\$250,000) in tax credits for in-kind services per year; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 472, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 472, H.D. 2.

Signed by all members of the Committee.

SCRep. 862 Finance on H.B. No. 1287

The purpose of this bill is to appropriate additional funds to the University of Hawaii to enable the College of Tropical Agriculture and Human Resources (UH-CTAHR) to conduct research and outreach activities to sustain Hawaii's diverse and fragile ecosystems.

UH-CTAHR, Hawaii Agriculture Research Center, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Pineapple Growers Association of Hawaii, Hawaii Egg Producers Cooperative, Hawaii Forest Industry Association, Hawaii Cattlemen's Council, Inc., Tropical Hawaiian Products, Aloun Farms, Hawaiian Commercial and Sugar Company, Big Island Farm Bureau, Hawaii Banana Industry Association, Nalo Farms, Hawaii Crop Improvement Association, and Greenpoint Nursery, Inc., testified in support of this measure.

Your Committee has 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 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 H.B. No. 1287, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1287, H.D. 1.

Signed by all members of the Committee.

SCRep. 863 Finance on H.B. No. 1089

The purpose of this bill is to:

Extend the lapsing date of moneys appropriated to the Agribusiness Development Corporation (ADC) by Act 117, Session Laws of Hawaii (SLH) 1999, as amended by Act 206, SLH 2000, to June 30, 2003; and

Appropriate \$150,000 from the Hawaii Agricultural Development Revolving Fund to enable ADC to develop an agricultural subdivision in the Hamakua district on the island of Hawaii.

ADC, Hamakua County Farm Bureau, Hawaii Agriculture Research Center, and concerned citizens testified in support of this measure.

Your Committee has amended this bill by:

- (1) Ensuring that any unexpended or unencumbered funds from the appropriation during fiscal years 2001-2002 and 2002-2003 shall not lapse until June 30, 2003;
- (2) Removing the section appropriating funds from the Hawaii Agricultural Development Revolving Fund; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

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 H.B. No. 1089, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1089, H.D. 2.

Signed by all members of the Committee except Representative Leong.

SCRep. 864 Finance on H.B. No. 369

The purpose of this bill is to address Hawaii's used oil disposal problem by authorizing the issuance of \$2,500,000 in special purpose revenue bonds to assist Environmental Recycling Technologies, Inc., in building a re-refinery facility to convert used oil and petroleum waste into No. 2 diesel fuel.

Environmental Recycling Technologies, Inc., testified in support of this measure and the Department of Health offered comments.

Your Committee has amended this bill to correct certain typographic and stylistic errors.

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 H.B. No. 369, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 369, H.D. 2.

Signed by all members of the Committee except Representative Leong.

SCRep. 865 Finance on H.B. No. 542

The purpose of this bill is to reduce the costs for lessees who participate in the Housing and Community Development Corporation of Hawaii's (HCDCH) Land Reform Program (Program) by:

- (1) Assessing lessees for only direct costs that are related to the processing of their condemnation action;
- (2) Requiring that the Fee Simple Residential Revolving Fund (Fund) shall pay for indirect costs incurred by HCDCH in administering the Program; and
- (3) Specifying that lessees' deposits collected shall not be deposited into the Fund but rather into interest bearing accounts.

HCDCH testified in support of this measure.

According to HCDCH, due to the success of the Program, the number of participating lessees has diminished over the years. As a result, the lessees' pro rata share of HCDCH's costs and fees have proportionately increased, thereby making participation in the Program cost prohibitive.

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

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 H.B. No. 542, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 542, H.D. 1.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 866 Finance on H.B. No. 786

The purpose of this bill is to appropriate funds for a statewide dental services program for eligible adults under the National Foundation of Dentistry for the Handicapped program.

The Mental Health Association in Hawaii submitted testimony in support of this bill. The Department of Health and the Executive Office on Aging submitted testimony in support of the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 786, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 786, H.D. 1.

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

SCRep. 867 Finance on H.B. No. 533

The purpose of this bill is to establish the Antitrust Trust Fund (Trust Fund), to be administered by the Department of the Attorney General (AG) to enforce the antitrust laws.

AG submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Providing that all unencumbered and unexpended moneys in excess of \$250,000 in the Fund at the close of June 30 of each year shall lapse to the general fund; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 533, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 533, H.D. 2.

Signed by all members of the Committee except Representatives Davis, Djou, Leong, Moses and Rath.

SCRep. 868 Finance on H.B. No. 77

The purpose of this bill is to appropriate \$25,000 as a donation to the Women in Military Service for America Memorial in Arlington National Cemetery. All other states have made contributions to the Memorial.

Concerned citizens submitted testimony in support 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 77, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 77, H.D. 1.

Signed by all members of the Committee.

SCRep. 869 Finance on H.B. No. 177

The purpose of this bill is to:

- (1) Allow the governor to contract with private entities to operate correctional facilities;
- (2) Establish guidelines for the operation of correctional facilities by private entities;
- (3) Establish criteria for contracts with private entities for the operation of a minimum security correctional facility; and
- (4) Require a Citizens Oversight Committee for each proposed new correctional facility, public or private.

The Department of Public Safety and Chamber of Commerce of Hawaii supported the intent of this measure.

The Community Alliance on Prisons, Hawaii Government Employees Association, and the United Public Workers opposed this measure.

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 H.B. No. 177, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 870 Finance on H.B. No. 917

The purpose of this bill is to prohibit unauthorized and unqualified individuals from practicing social work by:

- (1) Requiring licensure; and
- (2) Establishing minimum standards of qualification, levels of education, and experience, for independent clinical social workers.

The Hawaii State AFL-CIO and eighty concerned citizens submitted testimony in support of this measure.

The Sex Abuse Treatment Center, Department of Commerce and Consumer Affairs, Department of Human Services, the Hawaii Chapter of the National Association of Social Workers, and six concerned citizens opposed this measure.

The clinical social work profession is deeply divided over this measure. Your Committee finds that all interested parties must come to a consensus for the benefit of all social workers.

Therefore, your Committee wishes to facilitate further discussion on this measure by passing it out unamended and requests the chair of your Committee on Human Services and Housing work closely with representatives from opposing sides to resolve key issues to reach an accord.

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 H.B. No. 917, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 871 Consumer Protection and Commerce on H.B. No. 815

The purpose of this bill is to:

- (1) Create another exception to the gasoline retail divorcement law that prohibits a manufacturer or jobber of petroleum products (Company) from converting an existing dealer operated retail service station to a company operated retail service station. Under this new exception, a Company may operate a former dealer operated retail service station when the dealer is a contract dealer, agrees to the operation, and does not sell at retail more than 75,000 gallons of gasoline per month;
- (2) Define a "contract dealer" as a dealer operated retail service station that surrenders its unexpired franchise agreement to the Company who owns, leases, or controls the retail service station in consideration for an agreement with the Company to operate the retail service station on mutually agreeable terms; and
- (3) Reduce the time that a Company can operate a former dealer operated retail service station from 24 months to six months.

The Hawaii Automotive Repair & Gasoline Dealers Association and several individuals submitted testimony supporting the intent of the bill. Tesoro Hawaii Corporation and several individuals submitted comments on the bill. The Hawaii Coalition of Retail Gasoline Marketers, Aloha Petroleum, Ltd., and Western States Petroleum Association submitted testimony in opposition to the bill.

Your Committee recognizes the diversity of opinions expressed in the testimony submitted to your Committee and has amended this measure by changing the effective date to June 30, 2050 to ensure further analysis of this complex situation. Your Committee hopes that subsequent discussion will conclude with a definitive direction on whether to repeal the divorcement law and allow market forces to prevail, broaden its protective scope, or continue to add exceptions as circumstances dictate.

Your Committee has also amended this measure by 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 Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 815, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 815, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Yoshinaga, Meyer and Whalen.

SCRep. 872 Finance on H.B. No. 200

The purpose of this bill is to appropriate funds for the operating and capital improvement costs of the Executive branch for the fiscal biennium July 1, 2001 through June 30, 2003.

In deliberating on this bill and other bills that affect state finances, your Committee faced a number of major policy issues that limited its ability to fund the priority items of the House of Representatives. Although economic indicators suggest that the economy is growing and revenues are increasing, your Committee, while remaining cautiously optimistic over the improving economy, nevertheless took a prudent course in developing this budget.

To better understand the enormous tasks undertaken by your Committee, it would be instructive to summarize the major policy issues so that the resource allocation decisions made in this bill can be placed in their proper perspective. These policy issues are discussed in Part I of this committee report. Part II describes the various strategies employed previously in crafting a fiscally-sound budget, and further re-examines these methods for the upcoming biennium. Part III is an overview of the major items in the budget, and Part IV summarizes the funding levels provided in this budget.

PART I: MAJOR POLICY ISSUES

Deliberations and decisions on this State budget began at a time when the economic picture appears to be improving. While your Committee is buoyed by the general fund revenue projections of the Council on Revenues with December 2000 forecasts of 6 percent growth for fiscal year 2000-2001 (FY 2001), 5.5 percent increase for fiscal year 2001-2002 (FY 2002), and 5.8 percent for fiscal year 2002-2003 (FY 2003), your Committee is nevertheless mindful of the growing expenses of major fixed cost items and other nondiscretionary cost items.

Fixed Costs: Debt Service, Employees' Retirement System, and Health Fund

The fixed cost items include payments for debt services, the Employees' Retirement System's pension accumulation and social security insurance payments, and the employer's portion of the Public Employee's Health Fund payments. These "must fund" fixed cost items account for over \$195.6 million in general fund growth for FY 2002 and over \$310.7 million in general funds for FY 2003.

Debt service payments are, by constitutional requirement, the first payments of the State. These payments go to repay investors' principal and interest for bonds sold to finance the development of public facilities such as schools, university buildings, State parks, etc. Additional debt service requirements for FY 2002 are \$29.7 million and \$88.9 million for FY 2003. Total payment requirements are \$417.1 million for FY 2002 and \$476.3 million for FY 2003.

Payments into the Employees' Retirement System (ERS) are based on actuarially determined requirements to fully fund the State employees' pension requirements within sixteen years. While long-term plans call for no additional State payments into the ERS fund after sixteen years, the total amount of payments required to meet obligations to retired state employees and their beneficiaries is \$250.2 million for FY 2002 and \$306.1 million for FY 2003. This represents a \$138.2 million increase for FY 2002 and \$194.1 million in FY 2003.

Health fund payments are required to pay for the State employer's share of health benefits for its employees and beneficiaries. Increasing costs have been attributed to more enrollments and the expense in renewing contracts with health care providers. As a result, an additional \$27.7 million is required each year, for a total cost of \$260.1 million for each year of the biennium.

These three fixed costs total \$927.4 million or 26.9 percent of the FY 2002 general fund operating budget and \$1.045 billion or 29.1 percent of the FY 2003 State's general fund operating budget.

Felix Consent Decree: Mental Health Services to Improve Educational Capacity

In recent years, the State has been forced to comply with a number of federal court orders. These orders have had enormous price tags attached, further straining the State's fiscal resources. The Felix Consent Decree has been the costliest to the State since it was entered into by the State in FY 1995. Since FY 1995 \$1,354.3 billion has been expended by the Departments of Health and Education to provide services to children and adolescents for special education and mental health services. The total budget requested for the two departments for this 2001-2003 fiscal biennium totals \$716.4 million.

While recognizing its obligation to provide for the mental health needs of our young people, your Committee remains concerned with the ever-inflating costs of compliance, the usurping of the Legislature's oversight authority, and the lack of accountability by the Departments of Education (DOE) and Department of Health (DOH).

Of utmost concern is whether the children are actually being serviced adequately and cost-effectively by the departments. Your Committee notes with alarm the growing number of children under this consent decree and questions the departments' efforts in mainstreaming as many children as possible back into the regular classroom.

One of the major shortcomings noted by the Legislative Auditor is the lack of a definition of what constitutes a "Felix child." Without such a definition, it would be difficult for the departments to assess whether a child should receive the needed services and to track the child's progress. To address this issue, your Committee has passed H.B. No. 1678, H.D. 1, that defines a "Felix child."

To further underscore the Departments' problems with compliance, both DOE and DOH have requested emergency fiscal year 2001 funding. However, after careful review, your Committee believes that the original requests of both departments have been improperly inflated under the guise of Felix-related costs. The decrease in the emergency request from January for the DOE and the DOH's decrease from \$56.8 million to \$44.6 million appears to indicate a fundamental flaw in their methods of estimating fiscal requirements. Moreover, many of the requested new positions have equivalents in the current State budget but remain vacant.

Your Committee has uncovered significant savings from the amount requested for the DOE's mental health services efforts. The original request of the Governor was for \$43 million in each year. Your Committee balanced costs with effectiveness, reducing the request to \$29 million in FY 2002 and \$37 million in FY 2003 by eliminating recruiting and salary costs for unavailable personnel, requests for unwarranted expenditures, and duplication of efforts within the DOE. The budget provides funds for school-based mental health services, year-round student service coordinators, a functional integrated special education database system, recruitment of needed professionals, services tailored for Maui District, and a realistic number of educational assistants.

The cornerstone in compliance is well-educated teachers with a full understanding of mental health services to assist the children under the Felix decree. The Governor's budget submittal contains several mental health-related professional development schemes. Your Committee intends to work with the DOE to combine these requests to share resources and reduce duplication.

Your Committee also encountered similar difficulty with the DOH. Upon questioning by your Committee, the DOH revised its emergency funding requests on numerous occasions over the last two months, each revision containing inconsistencies which leads to questions about DOH's commitment. Your Committee is disappointed at the lack of fiscal responsibility evidenced in the DOH's requests of over \$1 million for unbudgeted renovations for the Trotter Building, \$200,000 for a double budgeted fence project at the Juvenile Sex Offender facility, over \$1.5 million for unbudgeted expansion in multi-systemic therapy (MST) programs, \$100,000 in standby pay and purchasing of new cars for MST staff, and \$400,000 worth of new, non-Felix related furniture for Guidance Centers.

In spite of these serious misgivings, your Committee remains committed to special needs children and in complying with the consent decree. Funds to increase the Child and Adolescent Mental Health Division's base budget have been provided even though there is a decreasing population being served by the DOH due to the transfer of "low end" Felix children to the DOE. This will provide three times more resources per Felix child as in FY 2001. In total your Committee has allocated \$60 million for DOH Felix costs over the fiscal biennium.

Though not a party to the Felix Consent Decree, the Department of Human Services (DHS) is responsible for a Felix-related item to recruit, license, train, and counsel foster or adoptive families. Funds have been provided to hire eight multi-agency case coordinators and 21 case support aides. The total appropriation for this component of the state's Felix response is \$1.7 million for each year of the fiscal biennium.

In total, \$166.3 million in additional resources has been allocated over the fiscal biennium to be applied specifically to Felix-related initiatives in the DOE, DOH, and DHS, with the expectation that the respective departments will wisely use the funds to achieve compliance by December 2001. The total budget is the sum of \$355.6 million and \$360.8 million, a grand total of \$716.8 million.

Makin Settlement: Developmentally Disabled

Consistent with the requirements of the Makin Settlement, an appropriation of \$8,540,904 for FY 2002 and \$8,531,104 in FY 2003 has been provided. This is in addition to the \$4,207,060 in each year of the current budget. The resources appropriated in this biennium will allow the DOH to reduce the number of individuals on the waitlist for home and community-based waiver services for persons with developmental disabilities or mental retardation. In addition, your Committee has provided DOH the means to build the infrastructure necessary to provide home and community-based services by reallocating existing positions.

Department of Justice Settlement Agreement: Adult Mental Health

The Department of Justice found the State of Hawaii, namely the Hawaii State Hospital, in violation of the Civil Rights of Institutionalized Persons Act (CRIPA). As part of the settlement agreement between the Department of Justice and the State of Hawaii, Hawaii State Hospital must provide a needs assessment and an omnibus plan for mental health services for developmentally disabled or mentally retarded individuals diverted or discharged from the Hawaii State Hospital.

Pending the completion of the court-ordered omnibus plan from the Adult Mental Health Division, an additional \$8.1 million has been earmarked in each year of the fiscal biennium for a comprehensive array of services that are community-based for individuals discharged or diverted from the Hawaii State Hospital. The total appropriation for adult mental health services is \$72.9 million for each year of FY 2002 and FY 2003.

Emergency Funding: Current Fiscal Year Adjustment

Further hampering your Committee's ability to affect policy through funding are the alarming number of emergency funding requests that have been submitted by the Governor to cover the costs of certain programs for this current fiscal year. The amount of all the emergency funding requests originally submitted this year totaled over \$115 million. At present, the departments are estimating emergency appropriation requirements to be approximately \$92 million. The adjustments were primarily due to the Department of Health's Child and Adolescent Health Division emergency request for Felix adjustment from \$56.8 to \$44.6 million and the Department of Education's emergency request for Felix adjustment from \$43.3 million to \$33.4 million. These emergency funding requests, at the least, suggests poor fiscal planning and at the worst, suggests that the departments are openly defying the fiscal parameters set by the Legislature.

Collective Bargaining: Public Employee Compensation

Though no funds have been allocated to pay for collective bargaining costs at this time, your Committee is cognizant of the current situation and is keeping a watchful eye on all the negotiations between the State and the various unions. For fiscal planning purposes, your Committee has decided to wait until all the negotiations have been completed before committing to pay any collective bargaining agreement costs. Recognizing that funding the collective bargaining agreements will further strain the State budget, your Committee nevertheless is prepared to factor in reasonable collective bargaining costs.

Larger Departments Driving Increases

The numbers bear out that the smaller State departments represent a very small percentage of the State's total general fund operating budget. The total general fund budget for the twelve smallest general funded programs total \$144.8 million for FY 2002 and \$142.2 million for FY 2003. The average budget adjustment in funding for FY 2002 for the 12 smallest general funded departments in this budget is -\$28,730 in FY 2002 and -\$212,583 in FY 2003. These programs are dwarfed by a \$172.2 million increase in FY 2002 and an additional \$54 million increase for FY 2003 for the Department of Education. Another large increase is found in the Department of Budget and Finance, with growth of \$72.6 million in FY 2002 and an additional \$58.1 million in FY 2003. The Department of Health is increasing by \$17.4 million in FY 2002 and an additional \$14.7 million in FY 2003. The Department of Human Services is increasing by \$26.8 million and \$2.1 million in FY 2002 and 2003 respectively. There is a \$15 million increase in funding in FY 2002 for the Department of Public Safety, and the University of Hawaii increases by \$40 million and \$18 million in FY 2002 and 2003, respectively.

PART II: BUDGET DEVELOPMENT STRATEGIES

Constrained in part by the major policy issues described above, your Committee reviewed funding decisions made in previous years to review the effectiveness of those decisions and the feasibility of continuing those decisions to balance the budget.

Cost Cutting Strategies

A number of cost-cutting strategies used in the past include consolidating programs, implementing management efficiencies, deferring expenses through techniques such as payroll "lag," and diverting excess special fund balances into the general fund. Stopgap measures such as hiring freezes, debt refinancing, and changing the assumptions by which funding of the ERS are calculated are other techniques that were used.

Reducing the Size of Government

During the early 1990's, Hawaii's slumping economy had detrimental effects on our entire community. In this period the Legislature made painful budget cuts to many state departments.

In developing this budget, your Committee also revisited the use of vacancy reductions (attrition) as a means of reducing costs. As evidenced by Table 1 below this approach has been used in the past to address budget shortfalls. The concept appears simple enough: as employees voluntarily or involuntarily separate from services their positions would be abolished, the salaries associated with the position would be saved, and the job responsibilities would be reassigned to remaining personnel. Your Committee has learned that the Department of Human Resources Development calculated the average number of employee separations per year for the past three years at 1,640. The average annual payroll for these employees has been \$49 million, of which \$31.6 million is from general funds and \$17.4 million is from non-general funds.

Upon further inspection it became evident that the department with the highest number of separations is the Department of Education. Furthermore, the positions experiencing the highest rates of separation are educational assistants, school custodians, social workers, cafeteria helpers, janitors, registered professional nurses, school health aides, and school cooks and bakers. Without thoughtful analysis of the impacts of not filling these positions, it would be irresponsible to impose an attrition policy.

The Table below shows how the Legislature prioritized falling general fund revenues in light of increasing demands for public services for the period from FY 1994 to the current fiscal year, FY 2001. During this period the DOE and the Department of Public Safety (PSD) were spared from fiscal cuts and in fact had their resource allocations grow considerably, while all other State agencies cut positions and resources for personnel expenses. DOE and PSD combined for an increase of 2,662 positions over the eight-year period during which time general funded positions increased by a total of 394 positions. That meant that the Legislature had to cut from State government 2,268 positions to provide for these priority areas. In addition, over this eight-year period general fund expenditures for DOE and PSD personnel increased by \$273.5 million, while total general fund expenditures for personnel costs grew by only \$204.4 million. Despite collective bargaining adjustments over the eight years, the average personnel cost adjustment for the remaining nineteen agencies and departments is a negative \$3.64 million.

Table 1. Changes in General Fund Position Counts and Personnel Costs from FY 1994 to FY 2001.

<u>Department</u>	<u>Positions</u>		<u>General Funds</u>	
Agriculture	-	157.25	-	4,134,019
Accounting and General Services	+	40.50	+	5,285,025*
Attorney General	-	49.08	-	625,590

Budget and Finance	-	393.65	-	12,317,490
Business, Economic Development, and Tourism	-	.25	-	2,129,539
Commerce and Consumer Affairs	-	312.00	-	10,162,062
Defense	-	33.50	-	194,058
Education	+	2,384.50	+	263,119,267
Hawaiian Home Lands	-	54.00	-	1,586,369
Health	-	610.40	-	10,578,730
Human Resources Development	-	55.00	-	943,640
Human Services	-	32.93	+	1,074,418
Labor	-	86.92	-	4,003,668
Land and Natural Resources	-	131.75	-	3,692,633
Office of the Governor	-	95.65	-	5,515,281
Office of the Lt. Governor	-	4.00	+	905,200*
Public Libraries	-	95.00	-	605,176
Public Safety	+	278.00	+	10,393,393
Taxation	-	64.00	-	344,149
Transportation		0.00		0
University of Hawaii	-	133.25	-	19,518,525
Statewide Totals	+	394.37	+	204,426,374

* Changes primarily due to the following: transfer of Information Communications Systems Development from the Department of Budget and Finance to Accounting and General Services; transfers of State Housing Programs to Business and Economic Development; and, one time costs of the Reapportionment Commission for Lt. Governor's Office.

Creating Autonomy for Community Hospitals Through the Hawaii Health Systems Corporation

The Hawaii Health Systems Corporation was created to help the community hospitals become self-sufficient entities within the State government. However, your Committee remains concerned about the fiscal operations of the Hawaii Health Systems Corporation. In each year since the passage of Act 262, Session Laws of Hawaii (SLH) 1996, the Corporation has requested large general fund subsidies. The intent of Act 262 was to enable the Corporation to become more self-sufficient and remove the Corporation from the State's budgeting requirements and processes. Without this budget oversight, it has proved difficult for your Committee to assess the true needs of the Corporation and provide requisite funding. Patient revenue and cash collections increased by \$13 million and \$30 million respectively for FY 1999 and FY 2000. At this juncture, your Committee is requesting the Corporation to continue to reallocate current funds in efforts towards achieving the goal of self-sufficiency.

Tax Strategies

Developing a sound budget also means looking at ways to stimulate the economy to increase overall state revenues.

In 1997, a key measure to stimulate the economy aimed at improving conditions for small businesses. A recommendation of the Tax Review Commission, Act 353, SLH 1997, mitigated the pyramiding aspect of subleasing real property by reducing the general excise tax (GET) rate by 0.5% per year. By 2004, all subleases will be subject to a 0.5% GET rate. In addition, in 1999, the Legislature enacted Act 71 that further assisted businesses by reducing the pyramiding effect on intermediary services over a seven-year period, again, by reducing the rate by 0.5% per year. These two measures will save businesses over \$120 million by FY 2002; and over \$220 million by FY 2003. The savings to businesses is expected to top \$500 million by FY 2005.

Another key step to stimulating the economy was the enactment of Act 157, SLH 1998, which provided the largest personal income tax cut in state history. The net effect of lowering and restructuring the State's personal income tax rates was to put millions of dollars back into the hands of residents and businesses. This current year represents the third year of the income tax reduction - a reduction that will put over \$660 million back into the pockets of Hawaii's residents by FY 2002; and just under \$1 billion by FY 2003.

The compounding effects of these cuts to personal income and the GET will become more pronounced over the next few years. The turnaround is already evident. The chief economist for the Bank of Hawaii stated before your Committee that "Hawaii's aggregate income - personal income or gross state product - achieved a real, or inflation adjusted growth rate in the neighborhood of 3 percent during 2000. This is the highest growth rate since economic momentum in Hawaii began building in 1997."

With these tax cuts in place to help stimulate the economy, your Committee decided to focus its tax strategies to directly help the people most in need. Through separate measures, your Committee has provided for an earned income tax credit, a graduated food tax

credit, and an increase in the standard deduction on the income tax. These tax relief measures will provide additional discretionary income for the working poor.

PART III: BUDGET PRIORITIES

With the assistance of the subject matter committees, your Committee has given careful and close scrutiny to existing State programs, the administration's proposals, and the House initiatives.

As outlined earlier, even though your Committee had to set aside 40% to 41% percent of the budget to pay for fixed costs and court mandated programs in the DOE and DOH and focused its tax efforts at helping the working poor, your Committee still managed to provide funds for the following priority items of the House:

Public education for the children of Hawaii;
Higher education;
Public health;
Human services – care services for the our elderly, medical services and pharmaceuticals for the elderly and disabled, and public housing;
Substance abuse treatment to help our families and neighbors who sincerely want to improve their lives;
Public safety for our neighborhoods and protections against natural disasters;
Preserving and protecting our environment; and
High technology in the private and public sectors.

Education

Over the course of the biennium, general fund appropriations for the Department of Education is increased by \$172.2 million and \$226.2 million in FY 2002 and FY 2003 respectively over this fiscal year. All told, the educational professionals of our state have a total budget of \$1.45 billion in fiscal year 2001-2002 and \$1.50 billion in fiscal year 2002-2003 with which to teach and empower the next generation of Hawaii's people. Highlights include:

Highly-Qualified and Well-Prepared Professional Educators and Staff

201 additional teachers to account for mainstreaming of special education students.
26 vice principals for the schools with highest special education populations, principals and administrative assistants for new schools, 42 business support assistants, and 200 clerks to handle the paperwork and business aspects of running our schools to allow educators to do what they do best – educate. This is a top priority of the Board of Education.
\$3 million over two years is appropriated for the Hawaii Leadership Academy to train the next generation of educational leaders.

Quality Educational Environment

Better learning facilities for our students through \$2.1 million for repairs and maintenance, \$1.3 million for additional custodians, kitchen staff, and equipment, and \$1.8 million for electricity due to rising costs and increased usage.

Safer Schools

Nearly \$2.8 million over the biennium for more security attendants at campuses and criminal history record checks for prospective school employees.

Educational Tools

\$5.6 million in textbooks and classroom equipment for new facilities, and an additional \$4.5 million in H.B. No. 180 to purchase textbooks.
In H.B. No. 179, \$27 million in emergency funds for new computers and infrastructure to lower ratio from 6 students per computer to 4 students.

Standards-Based Education

Full implementation of Hawaii Content and Performance Standards - \$5 million in both years of the biennium.

Opportunities for Every Child

\$800,000 for each year to move closer to equality in funding and opportunities for female athletes.

More Efficient Administration

\$5.6 million for a new human resource system and a new student information system will be used to support more efficiency in the DOE administration.

Felix Consent Decree

\$63 million over two years to recruit and train needed professionals, establish year-round student support services, implement integrated special education database system, initiate school-based mental health services, and address compliance issues of rural areas.

Capital Improvement Projects

\$100 million in capital improvement funds for repairs and upgrades of existing school facilities statewide.
\$22 million in capital improvement funds for new school facilities in Kapolei and Mililani.
\$4 million in capital improvement funds for school playground improvements statewide.

Higher Education

Your Committee holds true to the vision of a world-class university for Hawaii's people and national and international students and researchers. To this end your Committee is investing in the University's medical and astronomical educational excellence.

Your Committee has appropriated approximately \$1 million for the continued academic excellence of the John A. Burns School of Medicine. In recognition of the facilities needs of our prestigious medical school, additional capital improvement funds in the amount of \$150 million was appropriated for the construction of the new School of Medicine school and Cancer Research Center.

Due to recent discussions regarding the future of the Mauna Kea summit, your Committee is also allocating \$1 million for the mandate to implement the Mauna Kea Master Plan.

Due to the unique autonomy relationship of the University to the state government, additional allocations and resource movements were handled without the fiscal oversight of your Committee.

Health

Your Committee is committed to providing for the health needs of those most in need – our elders, our young children, our challenged population, and those living in rural areas. To this end your Committee is funding long-term care programs, Hawaii Health Systems Corporation, and public health educational programs in the Department of Health.

In ten years, 20 percent of Hawaii's population will require long-term care. Over \$1.9 million has been provided over the biennium for Kupuna Care services, for elderly abuse services, and to fund a study on long-term care in Hawaii.

To provide for the health needs of the Hawaii's rural communities, your Committee has appropriated \$2 million and \$16 million for the Hawaii Health Systems Corporation in FY 2002 and 2003, respectively. HHSC manages the state system of twelve community hospitals, divided in five regions – West Hawaii, East Hawaii, Maui, Oahu, and Kauai. In addition, \$12,511,000 in capital improvement funds are also appropriated for various improvements and upgrades at the hospitals.

The Department of Health has created the Healthy Hawaii Initiative to increase years of healthy life for all and reduce existing health disparities among ethnic groups in Hawaii by developing chronic disease prevention programs, nutrition educational programs and services to promote physical activities for better health. Funds for this initiative are derived from a portion of the 25% allocation to the DOH from the Tobacco Master Settlement Agreement, whose \$71.1 million in FY 2002 and \$50.1 million in FY 2003 will be distributed into the Rainy Day fund, Tobacco Trust fund, Department of Health and the Department of Human Services accounts.

Human Services

The Department of Human Services provides services to those least able to care for themselves. Your Committee is committed to providing additional resources for needed prescription-drugs, housing assistance, and alternative care programs in the Department of Human Services.

Improvements in medical technology have produced more effective yet costly pharmaceuticals for which generic substitutes are not available. Providing access to prescription drugs prevents the further progression of illnesses, reduces emergency medical costs, and costly long-term care services. In recognition of the savings inherent in the proactive measures taken by the department to increase access to prescription drugs, your Committee has provided \$24.6 million in general funds and \$55.2 million in all means of funding over the 2001-2003 fiscal biennium.

To provide housing for low-income families and individuals, your Committee authorized the expenditure of \$53.5 million in federal funds over two years to provide rent subsidies to those in need. These monies are in addition to \$3 million in federal funds over two years for a drug elimination program and self-sufficiency programs. In general fund expenditures your Committee has also allocated \$2.5 million over two years for the maintenance of an existing IHS emergency shelter, funding for homeless shelters at Kalaeloa and for programs aimed at transitioning out of and preventing homelessness. A companion capital improvement appropriation of \$420,000 will renovate two barracks for use as shelters.

Your Committee has allocated an additional \$10 million appropriation to match a federal Hope VI Grant to provide a total of \$45 million for the construction of new buildings at the site of Kuhio Park Terrace.

To defer the expenses of long term care, \$2.2 million in general funds and \$33.4 million in all means of funding over the biennium has been provided to support Nursing Home Without Walls and the Residential Alternative Community Care programs.

Substance Abuse Treatment

Approximately 80-90% of Hawaii's incarcerated have substance abuse problems, contributing greatly to the overcrowding of our prisons. Without adequate treatment for their basic mental and physical addictions these individuals return to their communities, commit crimes to satisfy those addictions, and face another prison sentence.

Your Committee is approaching this serious problem by providing \$10.4 million over the biennium for a robust substance abuse treatment system in which individuals have access to treatment in the pre-trial, trial, sentencing, and incarceration stages of the judicial process.

Assessment, referral and treatment programs will be carried out by a partnership of the Judiciary, Department of Public Safety, Department of Human Services, and Department of Health. Within this system, treatments will be provided by Department of Health, with referrals to treatment stemming from the applicable agencies with jurisdiction over a particular individual. In particular, Public Safety will divert pre-trial, parole, and incarcerated individuals to treatment. The Judiciary will be able to refer individuals to treatment during sentencing through an expansion of Drug Courts.

Total allocations for the partnership will provide \$4.8 million in FY 2002 and \$5.6 million in FY 2003 for substance abuse programs for the criminal justice population.

To assist the departments in addressing the needs of the criminal justice population, your Committee has appropriated resources for social workers in Public Safety to assess and refer pretrial inmates to substance abuse programs, increasing the total available resources to \$700,000 over the biennium. Secondly, \$4.8 million in the Judiciary's budget is appropriated to expand the drug courts and probation offices on the neighbor islands. In addition, over \$500,000 in the biennium for residential treatment beds have been provided by your Committee for incarcerated young adults under the care of the Department of Human Services. And finally, over \$4.4 million is provided in the biennium for treatment programs and an integrated case management system in the Department of Health.

The base allocation for this coordinated effort to address substance abuse is \$29.6 million. The total budget for the biennium is \$40.2 million.

Protecting the Community

Your Committee is devoted to ensure the public safety of our communities, both in dealing with crime and natural catastrophes.

Though certainly a compromise situation, approximately 1200 inmates are held out-of-state due to Hawaii prison bed shortages. Your Committee is allocating \$4.4 million in each year of the biennium to renew the out-of-state contract. In addition, \$3.2 million is appropriated to lease 100 federal jail beds for pre-trial inmates to alleviate current overcrowding in our prisons.

In the event of a natural disaster, your Committee is committed to full preparedness, and hence is providing \$300,000 over the biennium to improve our state civil defense system.

Environment

Your Committee recognizes the responsibility, shared by all residents of Hawaii, to care for the ecosystem in which we live. To this end, your Committee has provided resources for several key items:

	FY 2002	FY 2003
Restoration and protection of Hawaii's		
Sandy beaches	\$150,000	\$150,000
Forest management, educational		
activities	\$100,000	\$400,000
Stream assessment and biological		
monitoring	\$125,000	\$125,000
Invasive species rapid response		
programs	\$200,000	\$200,000
Native and endangered species projects	\$400,000	\$400,000
Assess stream flow characteristics and		
Develop in-stream flow standards	\$131,077	\$101,436
Natural area and watershed protection		
Partnerships	\$600,000	\$600,000
Environmental engineers to bring		
Department of Transportation into		
Compliance with Clean Water Act	\$210,000	\$210,000
Wastewater and drinking water		
construction loans	\$97.2 million over the biennium	

In addition to the items listed above, \$1.2 million is appropriated for a study on the carrying capacity of Hawaii for tourism. Through this study, your Committee hopes to better understand how it impacts our environment and to ensure sustainable economic growth that enhances our quality of life rather than detract from it.

In total, your Committee has allocated \$102.1 million for the preservation and protection of our precious environment. In addition, \$8.3 million in capital improvement funds is appropriated to improve and upgrade state parks.

High Technology

High technology is both the vehicle for economic development in the 21st century and an important investment for long-term improvements in state government efficiency. Your Committee is allocating resources to promote both private sector "New Economy" development and information technology systems for the public sector.

Your Committee has embarked on a course to promote Hawaii as a seedbed of new technology development. A total of \$4 million over two years has been allocated to provide startup capital to incubator tenants at the Manoa Innovation Center and the Maui Research Technology Center. An additional \$200,000 in each year has been provided by your Committee to promote Hawaii as a place favorable for high tech enterprises in areas such as biotechnologies, information technologies, health and medical services, and earth, ocean and space sciences.

In the public sector, your Committee has allocated funds to upgrade internal information technology systems for improved efficiency. In order to increase government efficiency, the Governor submitted a series of requests to appropriate funds for information technology. The initial requests were made by various state agencies, centralized through the governor's office, and now decentralized by your Committee for improved analysis. Subsequent to information-gathering, your Committee appropriated approximately \$12 million for the biennium towards the governor's information technology initiatives.

PART IV: BUDGET OVERVIEW

Your Committee has provided a biennium-operating budget of \$7.125 billion and \$7.311 billion for FY 2002 and 2003.

General Fund Budget Totals:

Your Committee has provided general fund appropriations of \$3.453 billion for FY 2002 and \$3.597 billion for FY 2003. This general fund level for FY 2002 represents a \$107.6 million (23.8%) reduction from the increase requested by the administration. The general fund appropriation for FY 2003 represents \$134.7 million (21.3%) less than the level requested by the administration.

Non-General Fund Budget Totals:

Your Committee has provided a non-general fund appropriations of \$3.672 billion for FY 2002 and \$3.714 billion for FY 2003. The non-general fund level requested for fiscal year 2002 is \$3.821 billion and \$3.905 billion in fiscal year 2003. The level provided in this budget for non-general funds level for FY 2002 represents a \$148.1 million (26.6%) reduction and for FY 2003 a \$191.3 million reduction from the level requested by the Governor. Growth in non-general funds is due largely are due to several large ceiling increases.

Table 2. Summary of Non-General Fund Increases

	FY 2002	FY 2003
Special Funds	\$ 66.7 million	\$ 46.2 million
Federal Funds	\$139.6 million	\$140.9 million
Trust Funds	\$ 20.3 million	\$ 21.3 million
Interdepartmental Transfer Funds	\$135.8 million	\$162.3 million
Revolving Funds	\$ 50.2 million	\$ 52.2 million
Total	\$412.6 million	\$422.9 million

For special funds the Department of Health requires a ceiling increase in FY 2002 to \$71.3 million and a FY 2003 increase of \$50.3 million for Health Resources Administration (HTH595) to account for the receipt of Tobacco Settlement funds and disbursement of the funds to the "rainy-day" fund, the tobacco settlement trust fund, Department of Human Services for S-CHIP, and for health promotion and disease prevention programs.

The State Housing Programs are expecting the receipt of additional federal funds of \$29.4 million per fiscal year for improvements to public housing facilities. The Department of Human Services is expecting an increase of \$88.2 million and \$86.0 million due to an adjustment of the State's rate of reimbursement or federal matching assistance percentage. The Department of Labor workforce development programs are anticipating an additional \$10.4 million for Workforce Development programs.

Trust fund ceiling increases of \$23 million for FY 2002 and \$21 million for FY 2003 are attributable to increased health fund requirements for the Health and Life Insurance Benefits (BUF 141) program. As health insurance premiums increase the trust fund ceiling must likewise increase to allow for payment of the employer and employee portions of health insurance premiums.

Interdepartmental transfer funds (U-fund) budgeted within the Department of Budget and Finance (B&F) have increased as the Department of Education's (DOE) and the University of Hawaii's (UH) requirements for debt service, health fund, and employees retirement system costs have increased. The ceiling increase for U-funds is needed to allow Budget and Finance to expend general fund monies budgeted in the DOE and UH and transferred to the Department of Budget and Finance. This is actually a double budgeting for housekeeping purposes and should not be viewed as an added expense.

The Department of Health's Environmental Management (HTH 849) requires a revolving fund ceiling increase of \$49.1 million per year to disburse federal funds received for Safe Drinking Water Act and Clean Water Act projects implemented at the county level.

Capital Improvement Program Totals:

Capital improvement funds authorized in this bill consist of \$626.0 million for FY 2002 and \$512.3 million for FY 2003. Of these sums, \$247.1 million in FY 2002 and \$176.2 million for FY 2003 would be financed through the issuance of general obligation bonds. This represents a \$108,738,000 reduction for FY 2002 and a \$348,978,000 reduction for FY 2003. The majority of construction funding has been devoted to the improvement of public school facilities and the University, with \$239 million (54%) to ensure adequate facilities for education.

Conclusion

Given the fiscal limitations, your Committee on Finance believes it has allocated available resources to those areas of highest priority. This budget meets the state's financial obligations and social responsibilities and as required by the Constitution is balanced. We realize there is still much work to be done and your Committee stands ready to cooperate with the Senate to produce a fair and equitable biennium budget.

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 H.B. No. 200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 200, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 873 Finance 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 for fiscal biennium 2001-2003.

The Judiciary submitted testimony in support of this measure.

Your Committee carefully reviewed and analyzed the funding adjustments requested by the Judiciary and amended the Judiciary budget accordingly.

Your Committee has increased the Judiciary budget by \$6,800,000 in general funds for fiscal year 2001-2002, but reduced it by \$182,993 for fiscal year 2002-2003. Most of this growth is attributable to \$5,100,000 for collective bargaining costs previously authorized by Act 60, Session Laws of Hawaii 1999. The true growth for enhanced programs and services is approximately \$1,700,000 for fiscal year 2001-2002, and then a reduction of \$182,993 for fiscal year 2002-2003.

Two critical areas of importance to your Committee are:

- (1) Drug rehabilitation; and
- (2) Alternatives to incarceration.

To address the growing substance abuse problem on the neighbor islands, your Committee supported the Judiciary's efforts to expand drug court programs in Hilo, Kona, and Kauai, by appropriating \$242,065 for fiscal year 2001-2002 and \$347,371 for fiscal year 2002-2003. The drug court targets nonviolent youth offenders and offers them drug rehabilitation instead of incarceration. Additional funds have also been appropriated for the existing Oahu and Maui drug courts.

Overcrowding in our prisons is a serious problem that must be addressed. Your Committee supports probation as an alternative to incarceration. To address the increasing probation population, more probation officers are needed. Therefore, your Committee supports the Judiciary's efforts to provide an additional \$697,774 for fiscal year 2001-2002 and \$703,723 for fiscal year 2002-2003 to provide additional positions for the Judiciary's probation office. Your Committee also supports additional funding of \$161,912 for fiscal year 2001-2002 and \$138,832 for fiscal year 2002-2003 to provide additional support to the Hilo and Kona Family Probation Office. Overall, the Judiciary will provide more alternatives to incarceration to relieve overcrowding in our prisons.

Among other things, this bill provides additional resources to improve the operations of the Judiciary over the fiscal biennium by appropriating:

- (1) \$628,730 for the new Kaneohe Court House;
- (2) \$211,980 for the Ho'okele Navigation Project to assist court users with information and direction; and
- (3) \$250,381 for additional security for the Ewa, Waianae, and Wahiawa district courthouses.

In the area of capital improvements, your Committee provided \$21,027,000 in general obligation bonds for fiscal biennium 2001-2003. Some of the projects include:

- (1) \$14,700,000 to develop new Judiciary facilities on Kauai, Hawaii, and in Kaneohe, Oahu;
- (2) \$1,000,000 to remodel and upgrade Judiciary facilities throughout the State;
- (3) \$675,000 to improve the interior of the first floor of the Kapuaiwa Building, Oahu; and
- (4) \$449,000 to make various improvements to Judiciary facilities to comply with the Americans with Disabilities Act.

Your Committee recognizes the important role and responsibility of the Judiciary in providing services for the citizens of Hawaii. Therefore, your Committee has submitted a biennium budget proposal that, while cognizant of the State's limited general fund resources, provides additional resources to help the Judiciary meet the needs of all constituents.

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 H.B. No. 1000, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1000, H.D. 1.

Signed by all members of the Committee.

SCRep. 874 Finance on H.B. No. 1100

The purpose of this bill is to provide the necessary appropriations and authorizations for the operations of the Office of Hawaiian Affairs (OHA) for fiscal biennium 2001-2003.

Testimony in support of this measure was submitted by OHA, Alu Like, Inc., the Native Hawaiian Legal Corporation, and the Kauai Heritage Center of Hawaiian Culture & the Arts. Several individuals supported funding for the Na Pua No'eau (Center for Gifted and Talented Native Hawaiian Children) program. One individual opposed this bill.

Until the native Hawaiian right of self-determination is formerly recognized by the federal government, your Committee will support OHA and will oppose any further attempts by outside parties to limit native Hawaiian entitlement programs. It is in this spirit and with this intent that your Committee reviewed this budget.

Your Committee recognizes OHA's role and responsibilities in providing programs and services for its beneficiaries and appreciates the efforts of OHA's Board of Trustees (Board) in submitting a proposed biennium budget that recognizes the State's limited general fund resources.

OHA submitted only one additional funding request for a new database for native Hawaiians. As there is no existing universal or central database for native Hawaiians, your Committee included \$100,000 for fiscal year 2001-2002 and \$13,000 for fiscal year 2002-2003 to fund the Native Hawaiian Relational Database. This database will assist in establishing priorities for programs for the well-being of all native Hawaiians. The system will allow for the integration of fiscal, evaluative, programmatic, and demographic databases for planning and reporting purposes. With this budget adjustment, your Committee authorized general fund appropriations of \$2,619,663 for fiscal year 2001-2002 and \$2,532,663 for fiscal year 2002-2003 for OHA's operations.

Your Committee has heard concerns raised by members of the Hawaiian community regarding the reorganization and consolidation of eleven programs into four programs. Nevertheless, since this matter was approved by OHA's Interim Board on November 3, 2000, by a margin of seven to one, your Committee respects the wishes of the Board with regard to internal organizational matters. Accordingly, your Committee has reflected this reorganization of OHA's programs in this bill.

Your Committee understands that the Legislative Auditor's Audit of the Office of Hawaiian Affairs report will soon be released. Your Committee withholds its comments on matters raised in the report until OHA has had an opportunity to respond and the report is finalized.

However, your Committee has serious concerns with regard to OHA's budgeting of trust fund revenues. The current appropriation ceiling of \$3,981,312 does not accurately reflect the Board's true spending plan. The financial statements for the period from July 1, 1999, to June 30, 2000, as contained in OHA's 2000 annual report, indicate that OHA expended \$14,500,000 in trust funds. The fact that OHA's spending far exceeded the amounts reflected in documents submitted to the Legislature is cause for alarm.

OHA's December 2000 budget report provides details for only \$4,200,000 for fiscal year 2001-2002 and \$4,000,000 for fiscal year 2002-2003. In addition, considering that as of June 30, 2000, OHA's assets were valued at over \$390,000,000, such low levels of expenditures do not appear to provide for all of the needed beneficiary services. For this reason, your Committee has added a proviso seeking a full accounting of actual and planned expenditures from the trust fund.

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 H.B. No. 1100, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1100, H.D. 1.

Signed by all members of the Committee.

SCRep. 875 Human Services and Housing on S.B. No. 1108

The purpose of this bill is to allow county medical examiners and coroners to apply for funeral payments under the Department of Human Services' (DHS) Funeral Payment Program on behalf of an unclaimed corpse after 60 days have lapsed since the date of death.

DHS testified in strong support of this measure.

The current statute requires an application for funeral assistance to be submitted within 60 days of the date of death. Your Committee finds that there are often instances where more than 60 days have lapsed when a county medical examiner or coroner either locates remains, identifies a decedent, or completes the administrative process of locating surviving family members. This measure would exempt county medical examiners and coroners from the 60-day time limit.

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 S.B. No. 1108, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 876 Human Services and Housing on S.B. No. 1111

The purpose of this bill is to simplify the Department of Human Services' (DHS) reimbursement to noninstitutional providers of medical care by:

- (1) Allowing DHS to create a new fee schedule that maintains reimbursement rates according to the services provided, rather than specialty of practice; and

(2) Deleting statutory language that is now unnecessary due to the establishment of the QUEST Managed Care Waiver Program.

DHS testified in strong support of this measure.

Your Committee finds that the current method of developing and maintaining reimbursement rates for noninstitutional providers is cumbersome and difficult to manage. This measure provides a new fee schedule that allows comparable reimbursement for providers regardless of specialty. In addition, the processing of claims will be simplified 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 S.B. No. 1111, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 877 Health on S.B. No. 209

The purpose of this bill is to prevent misuse of disabled parking placards by:

- (1) Making it an offense for a physician to fraudulently verify an applicant as a person with a disability;
- (2) Establishing procedures for the replacement of lost, stolen, or mutilated placards;
- (3) Charging individuals who fraudulently manufacture or alter placards and identification cards with a petty misdemeanor violation; and
- (4) Issuing picture identification cards.

The Advocates for Consumer Rights, Disability and Communication Access Board (DCAB), and Honolulu Police Department submitted testimony in support of this measure.

The City and County of Honolulu (City) supported the intent of the measure but had concerns with regards to the counties issuing picture identification cards. The City notes that changing their present procedure would require additional funding to obtain equipment to place pictures on identification cards and that this funding should come from DCAB. Accordingly, the City requested that funds be made available to DCAB for this purpose.

A private citizen also testified in support of the intent of this measure with amendments. The individual expressed concern about persons who are permanently disabled having to apply for recertification by a physician for a placard and the unauthorized use of placards by relatives of disabled persons who are deceased.

Your Committee realizes current laws regarding parking for persons with disabilities are often abused and violated. Many of these problems deal with persons who have placards who do not meet the definition of being disabled under the law, individuals with multiple placards, and individuals with fraudulently altered and manufactured parking placards. This bill will make it more difficult for these violations to take place.

Your Committee finds this measure to be crucial in preventing further abuse of placards and is passing this measure unamended in the interest of time. However, your Committee requests that the next committee to further consider:

- (1) Methods to prevent unauthorized use of placards issued to individuals who have since deceased;
- (2) Alternatives to physician authorized recertification of individuals who are permanently disabled; and
- (3) Discussions among DCAB, related organizations, and affected individuals in an effort to clarify and amend DCAB's administrative rules with regard to these concerns.

Your Committee finds that recertification may cause financial hardship as individuals are sometimes required to pay for an office visit to their physician merely to get their certification form signed.

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 S.B. No. 209, S.D. 2, 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 Takai, Kawakami, and McDermott.

SCRep. 878 Health on S.B. No. 181

The purpose of this bill is to establish a statewide tobacco licensing program within the Department of Health to regulate the retail and wholesale sale of tobacco.

The Coalition for a Tobacco Free Hawaii, American Cancer Society, Honolulu Police Department, and the Department of the Attorney General submitted testimony in support of the measure.

The Department of Health supported the intent of the measure but had reservations regarding the implementation of a licensing program as drafted in the bill. The Department felt that more time was needed to develop a workable draft that was conducive to this state's characteristics. They also felt that since most of the viable programs regarding tobacco sales are administered under statewide alcoholic beverage commissions, the Department would be unable to efficiently handle issuing tobacco licenses and coordinating activities outside of the Department, such as investigations of violations and enforcement of this statute.

The Hawaii Food Industry Association also supported the intent of this bill but had concerns with licensing fees based upon the costs and expenses of the Department of Health in its control of the program.

The Hawaii Restaurant Association opposed the measure because they felt it would cede far too much rulemaking authority to the Department of Health.

Your Committee realizes that smoking among our youth in Hawaii is increasing and that more youth start smoking at a younger age, despite a current statute which prohibits, and provides financial penalty for, the retail sale of tobacco to minors. Owners or management of retail businesses rarely suffer consequences and penalties often falls upon the clerk who sells the tobacco product to the minor.

It was further noted that substantial economic incentives exist for businesses who circumvent conventional tax and trade requirements which allow these businesses to sell tobacco products at prices far below retail levels. This "gray market" tobacco product is inexpensive, particularly attractive to youth, and increases the temptation for tobacco utilization.

Your Committee feels that this measure is a step in the right direction to preventing a serious health hazard to the public, especially our youth.

However, your Committee also understands the concerns of the Department of Health and has amended the measure accordingly by:

- (1) Requiring the Department of Health to do research planning regarding tobacco licensure by looking at other states which have successful statewide tobacco licensing programs;
- (2) Requiring the Department of Health to report their findings, recommendations, and statutory language no later than twenty days prior to the convening of the regular session of the 2002 legislative session;
- (3) Changing the effective date to July 1, 2003; and
- (4) Making technical, nonsubstantive changes 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 S.B. No. 181, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 181, S.D. 3, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takai, Kawakami and McDermott.

SCRep. 879 Health on S.B. No. 720

The purpose of this bill is to ensure that persons with disabilities have access to State and county services, programs, and activities.

The Office of the Lieutenant Governor, State Planning Council on Developmental Disabilities, Disability and Communications Access Board, Hawaii Disability Rights Center, Mental Health Association of Hawaii, Hawaii Centers for Independent Living, Hawaii Civil Rights Commission, Aloha State Association of the Deaf, and private citizens submitted testimony in support of this measure.

The Department of the Attorney General (AG) testified in support of this measure with amendments. The AG noted that a clause was mistakenly deleted from the original bill that clarified that disabled persons may not be excluded from service, programs, or activities by reason of their disability, but not under all circumstance. Without the limiting clause, this bill would be too broad and provide greater rights than those under the ADA.

In 1990, the enactment of the Americans with Disabilities Act (ADA) provided equal access to public facilities and programs to persons with disabilities. Hawaii followed suit with a similar state law.

However, your Committee understands that the ADA recently suffered a major setback when the United States Supreme Court ruled in Garrett vs. Alabama that a state could not be sued by an employee under the ADA. This ruling sets a precedence for future challenges to the ADA, especially to Title II, that deals with the accessibility of persons with disabilities to state and county programs, services, and facilities.

Your Committee finds that this measure will protect the rights of Hawaii's disabled community regardless of what happens to the ADA on the federal level.

As recommended by the AG, your Committee has amended this measure by:

- (1) Reinstating the limiting clause language; 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 720, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 720, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takai, Kawakami and McDermott.

SCRep. 880 Health on S.B. No. 774

The purpose of this bill is to expand the areas where smoking is prohibited to include all areas in airports except segregated areas that are completely enclosed and designated as smoking areas. These areas may not be constructed using public moneys.

The Department of Health (DOH), Coalition for a Tobacco Free Hawaii, and the American Cancer Society of Hawaii Pacific, Inc. testified in support of this bill. The Airlines Committee of Hawaii opposed this bill.

Your Committee finds that environmental tobacco smoke (ETS) is a harmful health hazard which affects nonsmoking individuals causing nearly 53,000 deaths annually nationwide. ETS smoke is the third leading cause of death in the United States today.

ETS has been classified as a class A carcinogen and contains nearly 5000 chemical compounds. Because ETS enters the atmosphere unfiltered and comes from combustion that occurs at a lower temperature than that which occurs when a smoker inhales on a cigarette, it contains more carcinogens and toxins than smoke inhaled directly by a smoker.

Upon further consideration, your Committee has amended this bill by deleting the substance, and inserting therefor, the substance of H.B. 132, H.D.1., which was heard by your Committee earlier. In essence, this bill, as amended:

- (1) Requires employers with two or more employees to adopt a smoking policy;
- (2) Prohibits smoking in enclosed areas of private workplaces and state-owned or state-controlled workplaces including all state-owned or state-leased vehicles;
- (3) Establishes the designation of smoking areas as negotiable for employees subject to collective bargaining;
- (4) Exempts from paragraphs (2) and (3):
 - (a) Dining areas of restaurants and bars;
 - (b) Meeting or banquet rooms in hotels when used for private functions;
 - (c) The convention center when used for private functions; and
 - (d) Hotel guest rooms, and residential accommodations in buildings owned, leased or rented by the State; and
- (5) Exempts from the laws relating to smoking in public places or in the workplace:
 - (a) Workplaces located in private residences unless otherwise prohibited; and
 - (b) Residential accommodations in buildings controlled by the State.

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 S.B. No. 774, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 774, S.D. 1, H.D. 1, and be referred to the Committee on Transportation.

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

SCRep. 881 Health on S.B. No. 1123

The purpose of this bill is to require the Department of Health (DOH), upon request, to verify the existence of a birth, death, marriage, or divorce certificate and the essential facts contained therein in lieu of the issuance of a certified copy of the certificate.

Testimony in support of this measure was received from the Department of Health with the request that the bill be amended to return the verification fee to the amount specified in the original version of the bill.

Presently, a certified copy of a birth, death, marriage, or divorce certificate is necessary to conduct many personal, legal, and business transactions, and the only current means of verification is through actual, certified documents.

Your Committee understands that this measure will provide an alternative method to verify information contained in vital records at the Department of Health. This should allow for more expeditious processing of information.

Although your Committee is in accord with the intent of this measure, it has amended it by amending the fees for verification to make them equal to the fees for certified copies.

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 S.B. No. 1123, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1123, S.D. 1, 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 Takai, Kawakami, and McDermott.

SCRep. 882 Health on S.B. No. 1126

The purpose of this bill is to:

- (1) Enable the Department of Health (DOH) to continue to obtain criminal history record information on individuals seeking employment with the Child and Adolescent Mental Health Division, and its providers or subcontractors who have direct contact with clients; and
- (2) Appropriate funds out of the State Criminal History Record Improvement Revolving Fund to support these efforts.

DOH, the Department of the Attorney General, Hawaii Youth Services Network, and Hale Opio Kauai, Inc. testified in support of this bill.

Your Committee finds that DOH'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, unsupervised, mental health services to clients.

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 S.B. No. 1126, S.D. 1, 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 Takai, Kawakami, and McDermott.

SCRep. 883 Health and Human Services and Housing on S.B. No. 1535

The purpose of this bill is to:

- (1) Statutorily create the Hawaii Commission for National and Community Service (Commission); and
- (2) Appropriate funds to be used as state matching funds to secure additional federal funds.

The Department of Education, the Hawaii Commission for National and Community Service, and the Youthbank Americorps Program testified in support of this bill.

Your Committees find that in 1994, the Commission was established by a gubernatorial executive order with the intent to encourage community service and volunteer participation. This was viewed as a means of community and state problem solving.

Your Committees believe that the Commission will promote citizen involvement in government and develop a vision and action plan for community service initiatives in Hawaii.

Furthermore, your Committees realize that Hawaii needs to support the Commission to comply with federal mandates and receive additional federal funds for volunteer programs.

Your Committees also realize that the current commissioners are a diverse group of individuals who share an interest in promoting community service and volunteerism in Hawaii and that through the statutory establishment of the Commission, the Legislature is expressing a long-term commitment to support national and community service activities in Hawaii.

Finally, your Committees note that through the appropriation of state matching funds, Hawaii is poised to receive more than \$2,000,000 in federal funding for volunteer programs throughout the State.

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 S.B. No. 1535, S.D. 2, and recommend that it pass Second Reading and be referred to the Committees on Education and Higher Education.

Signed by all members of the Committee except Representatives Takai, Kawakami, and McDermott.

SCRep. 884 Education on S.B. No. 1580

The purpose of this bill is to propose a constitutional amendment to allow the issuance of Special Purpose Revenue Bonds (SPRBs) to assist private, secular schools with the financing of facilities.

The Hawaii Association of Independent Schools submitted testimony in support of this bill with proposed amendments. The Department of Budget and Finance and Hawaii State Teachers Association submitted testimony in opposition to this bill.

Your Committee finds that many private schools have very limited budgets and are unable to keep their facilities in proper shape. SPRBs would give these schools a financing mechanism by which they could fund such projects. It is in the State's interest to ensure that all of Hawaii's children have a safe school environment that is conducive to learning, whether attending public or private schools. Furthermore, SPRBs are not a financial obligation of the State, and their issuance for the purpose of this bill will result in negligible costs, if any, to the State.

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

- (1) Allowing the issuance of SPRBs for projects at sectarian as well as nonsectarian private schools;
- (2) Allowing the issuance of SPRBs for projects at private colleges and universities; and
- (3) 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 S.B. No. 1580, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1580, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takai, Arakaki, Garcia, Halford and McDermott.

SCRep. 885 Transportation on S.B. No. 207

The purpose of this bill is to eliminate the requirement that the registered owner of a vehicle being shipped interisland obtain the written consent of the vehicle's legal owner before shipping the vehicle.

Young Brothers, Limited and Hawaii Bankers Association submitted testimony in support of this bill. The Honolulu Police Department submitted testimony in opposition to this bill.

Your Committee finds that the current written consent requirement imposes an onerous and unnecessary obligation upon shipping companies and consumers. There is no such requirement for interstate shipping of vehicles on the mainland, or for such shipments between the mainland and Hawaii. Your Committee finds that the documentation required by this bill is more than sufficient to help prevent unauthorized or fraudulent shipments, and to facilitate the tracking and investigation of such shipments if they do occur.

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 S.B. No. 207 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. 886 Transportation on S.B. No. 210

The purpose of this bill is to ensure that an adequate number of port pilots is maintained and licensed by requiring the Director of Commerce and Consumer Affairs to determine the number of pilots necessary to safely and economically meet the requirements of commerce.

The Department of Commerce and Consumer Affairs (DCCA), Fairway Navigation, Inc., and three concerned citizens testified in support of this bill.

Your Committee notes that according to DCCA, the Attorney General believed last year that the prior rules under DCCA are not sufficiently based on statutory authority and that changes to the licensing process are necessary. This bill will codify the practices of DCCA and restore the prior system of licensing deputy and port pilots.

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 S.B. No. 210, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 887 Transportation on S.B. No. 212

The purpose of this bill is to improve the processing of temporary instruction permits for driving by:

- (1) Increasing the term of a temporary instruction permit for driving from six months to one year; and
- (2) Prohibiting holders of a class 1 (motorscooters) or 2 (motorcycles and motorscooters) temporary instruction permit from renewing or having another temporary instruction permit issued to them unless they have taken the examination for a class 1 or 2 license at least once prior to the expiration of the temporary instruction permit.

The Honolulu Police Department, Department of Transportation, and the City and County of Honolulu testified in support of this measure.

Your Committee finds that increasing the term of a temporary instruction permit will:

- (1) Allow minors to gain more driving experience prior to taking the road test; and
- (2) Reduce the number of minors who are forced to renew their temporary instruction permit because of the shortage of driver education instructors.

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 S.B. No. 212, S.D. 1, 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. 888 Transportation on S.B. No. 748

The purpose of this bill is to recognize the effectiveness of motorcycle operator education programs operated by the military in the State by requiring the Director of Transportation to approve and certify these programs; provided that the programs:

- (1) Meet standards established by the Motorcycle Safety Foundation; and
- (2) Are certified by the respective armed forces' installation commander.

The Department of Transportation supported the intent of this 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 S.B. No. 748 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. 889 Public Safety and Military Affairs on S.B. No. 495

The purpose of this measure is to define halfway houses for the purposes of applicable county zoning permits.

The Waianae Neighborhood Board submitted testimony in support of this bill. The Hawaii Youth Services Network, Hale 'Opio Kaua'i, Inc., T.J. Mahoney and Associates, and Out of Prison Services submitted testimony in opposition to this bill. The Department of Public Safety submitted comments on this bill.

Your Committee finds that this bill addresses a legitimate public safety concern. However, your Committee is mindful of the serious concerns regarding zoning and the Fair Housing Act brought forward by the opponents of this measure and therefore respectfully suggests that these matters be considered by your Committee on Water and Land Use.

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 S.B. No. 495, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Water and Land Use.

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

SCRep. 890 Public Safety and Military Affairs on S.B. No. 1180

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

The Prosecuting Attorney of the City and County of Honolulu supported this measure. The Crime Victim Compensation Commission (Commission) submitted testimony in support of the intent of this measure.

Your Committee finds that the Commission will be better able to serve the needs of victims of violent crime by rescinding its obligation to pay these fees. Further, this measure will bring the Commission one step closer to meeting the goals of filling vacant staff positions and achieving fiscal self-sufficiency.

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 S.B. No. 1180, S.D. 1, 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 Saiki, Djou, Rath.

SCRep. 891 Public Safety and Military Affairs on S.B. No. 552

The purpose of this bill is to make an appropriation of general funds to the Department of Business, Economic Development, and Tourism (DBEDT) for the establishment of a national Korean War Museum in Hawaii.

The Office of Veterans Services, the Veterans of Foreign Wars, and six concerned individuals testified in support of this measure. DBEDT opposed this measure but supported its concept.

Your Committee has amended this measure by:

- (1) Changing the specifications regarding the matching funds to provide that funds shall be made available only to the extent that federal or private funds provide \$2 for every \$1 of state funds; 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 Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 552, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 552, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 892 Transportation on S.B. No. 205

The purpose of this bill is to add a new series of military specialty license plates to recognize Persian Gulf veterans.

The City and County of Honolulu supported the measure. The Office of Veterans Services supported the intent of the bill.

Currently, eight categories of special license plates honor the sacrifices made by those who served in the military. These special plates include those for purple heart recipients, veterans, Pearl Harbor survivors, former prisoners of war, combat veterans, veterans of the Vietnam conflict, veterans of the Korean conflict, and veterans of World War II. The addition of a new category for Persian Gulf veterans will ensure the recognition of those members of the Armed Forces as well.

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 S.B. No. 205, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 893 Transportation on S.B. No. 752

The purpose of this bill is to generate sufficient revenues to improve, support, and promote the operation, facilities, and management of state small boat harbors and other boating facilities by:

- (1) Clarifying that leases issued for lands within small boat harbors and other state boating facilities may allow uses, other than maritime-related activities, that complement or support maritime uses within these facilities;
- (2) Authorizing the Board of Land and Natural Resources (BLNR) to lease fast lands within an existing state boat facility by public auction or by direct negotiation, for private development, management, and operation; and
- (3) Requiring that lease revenues derived by the State be deposited into the Boating Special Fund.

The Department of Land and Natural Resources, Chamber of Commerce of Hawaii, Maritime Committee, Ocean Tourism Coalition, Hawaii Government Employees Association, and Paradise Cruise, Ltd., submitted testimony in support of the bill. Hawaii Thousand Friends and an individual opposed the bill.

Your Committee has amended this measure by:

- (1) Clarifying that BLNR's direct leasing negotiations shall be pursuant to section 171-59, Hawaii Revised Statutes; 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 Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 752, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 752, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 894 Transportation on S.B. No. 755

The purpose of this bill is to allow the Department of Transportation (DOT) and Board of Land and Natural Resources (BLNR) to enter into capital advancement contracts with private developers for harbor facility improvements in their respective commercial harbor and small boat harbor jurisdictions. The bill:

- (1) Authorizes contracts of up to \$2,000,000 without legislative approval;

(2) Authorizes contracts exceeding \$2,000,000 and up to \$5,000,000, upon prior legislative approval in the form of a concurrent resolution; and

(3) Provides that contracts may be financed by legislative appropriation, or by crediting the amount advanced by the private party, against the party's future rental or tariff payments.

Your Committee received testimony in strong support of this bill from the Chamber of Commerce of Hawaii, American Classic Voyages Co., and Waldron Steamship Co., Ltd. BLNR submitted testimony in support of the measure with an amendment. Testimony in support of the intent of this measure was provided by DOT, the State Procurement Office, Matson Navigation Company, and Sause Bros., Inc. The Department of Budget and Finance expressed concerns about the bill.

Your Committee finds that the ongoing growth of the cruise industry in Hawaii has created a need for improvements to the State's aging harbor facilities, which were never designed to handle the size of cruise vessels now visiting the islands or the volume of passengers that these vessels transport. This bill provides an innovative, alternative method of financing and expediting small scale improvements to the State's commercial and small boat harbors.

Your Committee has amended this bill as recommended by the State Procurement Office, to provide that capital advancement contracts are subject to approval by DOT or BLNR, not the administrator of the State Procurement Office. Technical, nonsubstantive amendments have also been made for purposes of clarity, consistency, 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 S.B. No. 755, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 755, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 895 Education on S.B. No. 94

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.

BOE submitted testimony in support of this bill.

Your Committee finds that efforts have been made for many years to give the student member of the BOE voting status. Concerns that have been raised by critics of this measure in previous years regarding its legality have all been addressed by the Attorney General and found to be without merit. Questions regarding the maturity of the student member have also been allayed, as the rigorous selection process has ensured that the student member is very qualified. Additionally, for the first time ever, the BOE supports this bill.

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

- (1) Adding legislative findings justifying the purpose of this bill; 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 94, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 94, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takai, Arakaki, Garcia, Halford and McDermott.

SCRep. 896 Higher Education on S.B. No. 1205

The purpose of this bill is to provide the University of Hawaii (UH) with the flexibility to allocate portions of the indirect overhead revenues generated from UH research and training programs according to changing program needs rather than fixed statutory percentages.

UH submitted testimony in support of this bill.

Your Committee finds that this bill will continue the recent positive trend of providing UH with more fiscal autonomy. By removing the statutory constraints on indirect overhead revenues, UH will be free to use these funds to address their most pressing financial needs.

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 S.B. No. 1205, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 897 Higher Education on S.B. No. 1206

The purpose of this bill is to allow the University of Hawaii (UH) more flexibility in managing its resources by allowing UH to transfer all UH funds, with the exception of general funds, into the University of Hawaii Commercial Enterprises Revolving Fund (Revolving Fund) for a period of two years.

UH submitted testimony in support of this bill.

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

Therefore, your Committee has amended this measure by:

- (1) Requiring UH to provide an annual report to the Legislature on all funds transferred into the Revolving Fund and all expenditures from the Revolving Fund;
- (2) Deleting the two-year time restriction on the transfer of funds into the Revolving Fund; 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 Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1206, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1206, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 898 Higher Education on S.B. No. 1208

The purpose of this bill is to effectuate certain housekeeping measures consistent with Act 115, Session Laws of Hawaii 1998, that authorizes the University of Hawaii (UH) to retain its own attorneys.

This bill exempts UH from having to obtain the approval of the Attorney General (AG) prior to acquiring an interest in real property, and transfers the following duties and powers from the AG to the UH General Counsel:

- (1) The duty to receive service of process on behalf of UH;
- (2) The duty to represent members of UH's Board of Regents in civil actions; and
- (3) The power to designate which accounts shall be deleted from UH's accounts receivable records.

UH submitted testimony in support of this bill.

Your Committee finds that UH should not be exempt from obtaining the prior approval of the AG before acquiring an interest in real property. The funding of real property acquisitions by UH will continue to be financed through legislative appropriations, and maintaining state oversight is necessary to ensure fiscal accountability.

Accordingly, your Committee has amended this bill by deleting UH's exemption from obtaining approval from the AG before acquiring an interest in real property.

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 S.B. No. 1208, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1208, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 899 Human Services and Housing on S.B. No. 1377

The purpose of this bill is to ensure the continuance of critical services to the community that is being provided by the Department of Human Services (DHS):

- (1) Support Services Office, Program Development Staff; and
- (2) Nursing Home Without Walls Program, by converting all these positions from exempt status to civil service status.

Testifying in support of this bill were the Hawaii Government Employees Association, AFSCME, Local 152, Advocates for Independent Living, ARC of Maui, West Hawaii AIDS Foundation, Rainbow Medical Supply, Inc., Services for Seniors, and 89 individuals. DHS opposed passage of this measure.

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 S.B. No. 1377, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 900 Human Services and Housing on S.B. No. 123

The purpose of this bill is to appropriate funds to:

- (1) Restore adequate funding to homeless assistance programs;
- (2) Maintain adequate funding to support much-needed additional shelter inventory; and
- (3) Increase funding for homeless assistance by providing a deeper subsidy for families losing welfare assistance.

The Hawaii State Commission on the Status of Women, American Friends Service Committee, Kalihi-Palama Health Center, Affordable Housing and Homeless Alliance, Institute for Human Services, Inc., Hawaii Catholic Conference, Mental Health Association in Hawaii, and a concerned citizen submitted testimony in support of this measure.

The Housing and Community Development Corporation of Hawaii supported the intent of this measure. Catholic Charities Elderly Services supported this measure with amendments. Some of the testifiers had concerns regarding the funding of these programs.

Your Committee finds that homeless assistance programs in the State have sustained severe budget restrictions in the past several years. Restoring and maintaining adequate funding for these programs is critical in preventing homelessness, particularly when many families will begin to lose their welfare benefits and may be unable to meet their housing costs.

Your Committee has amended this bill to:

- (1) Include assistance for residents from Kalapana, whose homes were destroyed by volcanic eruptions, by:
 - (a) Providing housing or self-help housing in the Kikala-Keokea homestead area;
 - (b) Establishing a revolving fund to provide low interest loans for home construction; and
 - (c) Appropriating funds for related costs;
 and
- (2) Repeal the Hale Kokua Homeless Assistance 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 S.B. No. 123, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 123, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 901 Human Services and Housing on S.B. No. 911

The purpose of this bill is to enable health plans and providers to actively reach out to high-risk populations including:

- (1) High-risk pregnant women and girls;
- (2) Native Hawaiians with early onset of chronic disease; and
- (3) Chronic substance abusers,

by removing financial disincentives in the QUEST program. In addition, this bill appropriates funds for additional staffing of the Department of Human Services (DHS).

The Waianae Coast Comprehensive Health Center, Kokua Council, and Aloha Care testified in support of this measure. DHS and Hawaii Medical Service Association opposed this measure.

Your Committee finds that health plans and providers are paid a set amount regardless of whether an assigned patient needs frequent and expensive care or never uses the benefit at all. Some nonprofit, community health care providers are actively reaching out to many high-risk patients who otherwise would not seek out primary medical care. This measure would provide an incentive for more health plans and providers to participate in outreach services.

Your Committee noted that two crucial measures related to QUEST were heard earlier this session, and your Committee would like to incorporate the substance of these measures into this bill.

Therefore, your Committee has amended this bill by:

- (1) Including the substance of H.B. No. 942, H.D. 1, to extend coverage of the Children's Health Insurance Program to include children whose income is at or below 300 percent of the federal poverty level;

(2) Including the substance of H.B. No. 292, H.D. 1, to restore QUEST benefits to income-eligible legal immigrants and migrants during and up to three months after pregnancy; 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 S.B. No. 911, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 911, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 902 Human Services and Housing on S.B. No. 1113

The purpose of this bill is to enable the Department of Human Services (DHS) to better administer its assistance programs by clarifying that:

(1) The requirement that DHS file an annual update of its liens with the Bureau of Conveyances (Bureau) is an internal departmental accounting measure intended to track DHS expenditures, and is not intended to burden the Bureau to record the same lien against the same property year after year;

(2) DHS may initiate probate proceedings to enforce a lien against the estate of a recipient; and

(3) Recording and tracking procedures may apply to both types of DHS liens, specifically real estate liens on the interest of:

(a) A person applying for or receiving DHS assistance; and

(b) A medical assistance recipient who is an inpatient of a medical institution.

DHS testified in support of this measure.

Your Committee finds that as the number of liens held by DHS increases, the clerical burden placed upon DHS and the Bureau to update the lien amounts, prepare notices of lien, and then file and record the liens is becoming an unreasonable, time consuming burden. This measure will reduce the clerical burden.

Your Committee notes that two crucial measures related to DHS were heard earlier this session, and your Committee would like to incorporate these measures into this bill.

Accordingly, your Committee has amended this bill by:

(1) Inserting an appropriation for respite care services;

(2) Inserting a provision which creates a welfare safety net program called, "Keeping Hope Alive;" 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 S.B. No. 1113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1113, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 903 Human Services and Housing on S.B. No. 1104

The purpose of this bill is to allow foster parents to sign routine school forms and recreational permission slips for foster children in their care without unnecessary delays.

The Department of Human Services, Department of Education, and Hawaii Youth Services Network testified in support of this measure.

Your Committee finds that this measure will facilitate the ability of foster parents to readily access educational and recreational activities for their foster children.

Your Committee has amended this measure by clarifying that consent covers educational and recreational "needs" of the foster 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 S.B. No. 1104, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1104, S.D. 1, H.D. 1, and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 904 Human Services and Housing on S.B. No. 1103

The purpose of this bill is to:

- (1) Clarify that higher education board allowances are available to eligible individuals who were formerly foster children; and
- (2) Add a third party to the list of allowable recipients of payments of higher education board allowances.

The Department of Human Services (DHS) and University of Hawaii submitted testimony in support of this measure.

Your Committee finds that including the definition of "former foster youth" is appropriate since the youths seeking higher education are neither children and are no longer part of the foster care system.

Further, payments on behalf of the youth 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 will facilitate the work of DHS with former foster youths and better serve those who enter higher education.

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 S.B. No. 1103 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 Takai, McDermott and Stonebraker.

SCRep. 905 Human Services and Housing on S.B. No. 1112

The purpose of this bill is to encourage the consideration of Ohana Conferencing to plan for the safety and permanency needs of children who need protection.

The Department of Human Services submitted testimony in strong support of this measure.

Your Committee finds that Ohana Conferencing is an effective facilitated group meeting designed to educate the family, extended family members, and all individuals who are important to a child who has been abused or neglected.

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 S.B. No. 1112 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 Takai, McDermott and Stonebraker.

SCRep. 906 Human Services and Housing on S.B. No. 1110

The purpose of this bill is to ensure the reputable and responsible character of an applicant to operate a child care facility by:

- (1) Mandating child abuse checks as a requirement for licensed child care providers and staff; and
- (2) Requiring the Department of Human Services (DHS) to disclose verified criminal history and child abuse information on employees to their employers.

DHS, the Honolulu Police Department, and the Department of the Attorney General testified in support of this bill.

Your Committee notes that under current law, criminal history checks are required for persons working within licensed child care facilities, and child abuse record checks are required by Administrative Rule for persons working within licensed child care facilities. This bill strengthens the child abuse record check requirements by providing statutory authority for the checks thereby ensuring the health and safety of children in these settings.

Your Committee has amended this bill by:

- (1) Deleting the section raising the ceiling of the Criminal History Record Improvement Revolving Fund;
- (2) Appropriating \$53,000 from the Criminal History Record Improvement Revolving Fund to facilitate processing of national record checks through the Federal Bureau of Investigation, effective July 1, 2001;
- (3) Changing the effective date to take effect upon approval; and
- (4) Making technical, nonsubstantive amendments for style, 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 S.B. No. 1110, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1110, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Morita, Yoshinaga and Whalen.

SCRep. 907 Labor and Public Employment on S.B. No. 16

The purpose of this bill is to compensate health care providers more fairly by changing the basis for Hawaii's workers' compensation medical fee schedule by adopting the federal workers' compensation medical fee schedule.

The Hawaii State Teachers Association, eight businesses, and seven individuals supported this measure.

The Department of Budget and Finance, Department of Commerce and Consumer Affairs, ILWU Local 142, National Federation of Independent Business-Hawaii, Hawaii Medical Association, and four individuals commented on this measure.

The Department of Labor and Industrial Relations, Department of Human Resources of the City and County of Honolulu, and thirty-two individuals and business organizations opposed this measure.

Your Committee finds that replacing the existing 110 percent of the Medicare fee schedule with the federal workers compensation fee schedule will increase State's workers' compensation costs. Your Committee also understands that further discussion with the insurance industry representative is necessary to address the concerns about the under-representation of certain specialties. However, due to time constraints, your Committee is passing this measure as amended for further consideration by your Committee on Consumer Protection and Commerce.

Your Committee has amended this bill by:

- (1) Reinstating language requiring the director to make the determination of the charges and adopt fee schedules based upon those determinations;
- (2) Reinstating language that charges shall not exceed a blank per cent of fees prescribed in the Medicare Resource Based Relative Value Scale systems applicable to Hawaii as prepared by the United States Department of Health and Human Services;
- (3) Removing reference to the federal workers' compensation medical fee schedule;
- (4) Reinstating language regarding the criteria that updates should be based upon;
- (5) Changing the effective date to July 1, 2001; and
- (6) Making technical, nonsubstantive changes 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 S.B. No. 16, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 16, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 908 Public Safety and Military Affairs on S.B. No. 120

The purpose of this measure as received by your Committee is to establish gender-responsive community-based programs for female offenders.

The Department of Public Safety, the Hawaii State Commission on the Status of Women, the American Civil Liberties Union Hawaii, the Hawaii Youth Services Network, a member of the Maui County Council, the Community Alliance on Prisons, Hale 'Opio Kaua'i, and numerous concerned individuals submitted testimony in support of this measure.

Your Committee notes that the original purpose of this measure will be incorporated into S.B. No. 119, S.D. 2, H.D. 1.

Your Committee finds that there is a lack of comprehensive data describing the population being served by the criminal justice system throughout the state. However, at this time there is a project known as the "sentencing simulation model" that has been underway for one fiscal year. Your Committee finds that continuing state matching funds for the second year of this three-year federal grant is a high priority. The information that this model will provide for the State will greatly assist policymakers in their efforts to make informed decisions concerning every aspect of the criminal justice system.

Your Committee also finds 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 Committee finds that it is necessary to ensure that proper safeguards are retained so that the privatization of the correctional facility is successful.

Moreover, while the idea of privatizing a government function is not new, privatization of correctional facilities represents a new paradigm shift in Hawaii because of the scope and breadth of that project. Your Committee finds 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 the 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 Committee finds 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.

Therefore, upon further consideration, your Committee has amended this measure by deleting its contents and inserting the contents of H.B. No. 962 which continues the sentencing simulation model and H.B. No. 177, H.D. 1, which authorizes the privatization of prisons. As amended, this measure:

- (1) Appropriates state matching funds of \$47,177 for fiscal year 2001-2002 to develop, implement, and maintain a sentencing simulation model in the State; and
- (2) Allows the Governor to contract for private sector operation of correctional facilities; and
- (3) Establishes criteria necessary for an acceptable contract for the privatized operation of a correctional facility.

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 S.B. No. 120, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 120, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 909 Public Safety and Military Affairs on S.B. No. 124

The purpose of this measure is to appropriate \$1 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 Hawaii State Commission on the Status of Women, and two concerned individuals.

Upon further consideration, your Committee has amended this measure by changing the appropriation amount to \$25,000.

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 S.B. No. 124, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 124, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 910 Public Safety and Military Affairs and Labor and Public Employment on S.B. No. 1177

The purpose of this measure is to establish a correctional health care program within the Department of Public Safety (DPS) and to exempt the administrator and physicians of the program from civil service.

Your Committees received testimony in support of this measure from DPS and a concerned citizen. The Hawaii Government Employees Association submitted testimony in support of this measure and offered an amendment.

Your Committees find that the field of correctional health care has historically had difficulty in attracting and retaining highly qualified professional staff. As a result, the health care provided to incarcerated persons suffers from a persistent problem concerning turnover among key staff positions. By exempting these positions from civil service it will be possible for more attractive compensation plans to be used to recruit, hire, and retain the necessary staff.

Your Committees also find that the existing correctional health care program, its administrator, and the physicians will benefit from the statutory formalization that this measure would provide.

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 S.B. No. 1177, S.D. 2, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Rath.

SCRep. 911 Public Safety and Military Affairs and Health on S.B. No. 1188

The purpose of this measure is to implement a policy shift in addressing non-violent drug possession offenses by mandating community-based supervision and treatment for certain offenders in lieu of incarceration.

The Hawaii Paroling Authority, Government Efficiency Teams, Inc., and four concerned individuals testified in support of this bill. The Department of Health, the Judiciary, the Department of Public Safety, the Public Defender, the site coordinator of the Arrestee Drug Abuse Monitoring Program - Honolulu, the American Civil Liberties Union, the Drug Policy Forum of Hawaii, T.J. Mahoney and Associates, the Community Alliance on Prisons, Out of Prison Services, and three concerned individuals testified in support of the intent of this measure. The Prosecuting Attorney of the City and County of Honolulu, and the Honolulu Police Department testified in opposition. The Prosecuting Attorney of Maui County testified in opposition to part of the bill.

Your Committees find that public safety and public health are better served by providing treatment to non-violent substance abusing individuals in lieu of incarceration.

Your Committees further find that this measure narrowly defines the population of offenders eligible for diversion and the criteria to exclude offenders from diversion are adequate to protect the public.

Your Committees find that substance abuse treatment often involves the relapse of the addict undergoing treatment. Therefore, to allow for incarceration of an addict upon relapse when other forms of treatment are still feasible and available is inconsistent with the known characteristics of the disease of addiction and would be contrary to the intent of this measure.

Your Committees find that abusers of methamphetamine that meet the criteria for diversion contained in this measure should receive treatment in lieu of incarceration. Your Committees find that there is no objective evidence that those who abuse methamphetamine are any less amenable to treatment than those who abuse other substances. Your Committees also find that methamphetamine abusers have the same need for substance abuse treatment as abusers of other substances. Thus, it is also contrary to the intent of this measure to require a mandatory term of imprisonment for simple possession of methamphetamine that abusers of other substances are not subjected to.

Upon further consideration, your Committees have amended this measure by deleting its contents and:

- 1) Inserting the contents of H.B. No. 176, H.D. 1;
- 2) Inserting Sections 7 and 8 from S.B. No. 879, S.D. 2., which require a report to the legislature and make an appropriation to hire a coordinator of interagency programs;
- 3) Substituting the appropriation language from section 9, S.B. No. 879, S.D.2, for that originally in section 12, H.B. No. 176, H.D. 1, to provide funding for substance abuse treatment programs;
- 4) Clarifying the language concerning the lead role of the department of health to carry out interagency coordination of substance abuse treatment and expanding the members of the interagency coordinating body from the original provisions in H.B. 176, H.D.1;
- 5) Adding two additional topics to be studied in conjunction with the inventory of available services and the formulation of a "best practices" guide;
- 6) Repealing the mandatory minimum sentence for promoting a dangerous drug in the third degree for offenses involving possession of methamphetamine found in 712-1243(3), Hawaii Revised Statutes, to avoid a possible conflict with this measure; and
- 7) Amending the preamble language.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1188, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1188, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Saiki, Rath, Takai and McDermott.

SCRep. 912 Tourism and Culture on S.B. No. 174

The purpose of this measure is to avoid disclosure and rescission under Hawaii law where a time share interest in a Hawaii project is offered for sale in another jurisdiction.

Your Committee received testimony in favor of this measure from American Resort Development Association of Hawaii, Hilton Grand Vacations Club-Hawaii, Pahio Resorts, Inc., and The Bay Club Ownership Resort, Inc. The Department of Commerce and Consumer Affairs submitted testimony opposing this measure.

Your Committee finds that because of the nature of time sharing sales whereby projects in a particular state may be offered for sale in another state, this measure seeks to clarify that the sales laws of the jurisdiction in which the sale occurs will apply, but that Hawaii's sales and rescission laws would not apply. To the extent that a particular potential buyer does not travel to Hawaii, and to the extent that no sales activity occurs in Hawaii, it seems inappropriate that Hawaii's law should apply.

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 S.B. No. 174 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 Halford.

SCRep. 913 Tourism and Culture on S.B. No. 175

The purpose of this measure is to eliminate the requirement that time share sales and acquisition agents register with the Department of Commerce and Consumer Affairs (DCCA).

Your Committee received testimony in favor of this measure from the DCCA, American Resort Development Association of Hawaii, Hilton Grand Vacations Club-Hawaii, Pahio Resorts, Inc., and The Bay Club Ownership Resort, Inc.

Your Committee finds that the requirement for time share agents and acquisition agents who are already licensed as real estate brokers or real estate salespersons to register with the DCCA is duplicative and unnecessary.

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 S.B. No. 175, S.D. 2, 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 Halford.

SCRep. 914 Tourism and Culture on S.B. No. 176

The purpose of this measure is to repeal the requirement that a time sharing plan agent wear an identification badge while off-premises and engaging in acquisition or sales agent activity.

Testimony in favor of this measure was received from All Islands Timeshare Resales, American Resort Development Association of Hawaii, Hilton Grand Vacations Club-Hawaii, Pahio Resorts, Inc., and The Bay Club Ownership Resort, Inc. The Department of Commerce and Consumer Affairs testified in opposition to this measure.

Your Committee finds that the requirement to wear a badge stigmatizes the wearer and the industry in which the wearer is employed. It has been four years since the badge requirement for timeshare employees was enacted. Since that time, regulation, enforcement of laws, and industry competition has eliminated the questionable activities of the past.

Your Committee further finds that no other industry in Hawaii requires its members to wear badges of this sort and that many time share industry members already require a company badge that reflects the name of the resort and the name of the outside public contact personnel.

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 S.B. No. 176 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 Halford.

SCRep. 915 Tourism and Culture on S.B. No. 173

The purpose of this measure is to exclude persons employed by or under contract to licensed real estate brokers or registered acquisition agents from the definition of "acquisition agent" in time share law. The measure also clarifies that sales agents and acquisition agents are responsible for actions of their Outside Public Contacts.

Testimony in support of this measure was received from the American Resort Development Association of Hawaii, Hilton Grand Vacations Club-Hawaii, Pahio Resorts, Inc., and The Bay Club Ownership Resort, Inc. The Department of Commerce and Consumer Affairs (DCCA) testified in support of the measure with suggested amendments.

Your Committee has adopted DCCA's suggested amendments, which conforms to contents of H.B. 22, H.D. 2, and has made additional technical, nonsubstantive amendments for purposes of style, 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 S.B. No. 173, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 173, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 916 Tourism and Culture on S.B. No. 178

The purpose of this bill is to:

- (1) Require time share plans located in a condominium project to register with the Real Estate Commission; and
- (2) Exempt those time share projects from supplementary disclosure and public report requirements.

The Real Estate Commission, Hawaii Resort Developers Conference, American Resort Development Association of Hawaii, Land Use Research Foundation of Hawaii, Hilton Grand Vacations Club, Pahio Resorts, and the Bay Club Ownership Resort, Inc., testified in support of this bill.

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

- (1) Deleting its contents and inserting the substance of H.B. No. 17, H.D. 2, which is similar to S.B. No. 178, S.D. 2.
- (2) Changing the effective date to January 1, 2002.

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 S.B. No. 178, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 178, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 917 Tourism and Culture on S.B. No. 180

The purpose of this bill is to provide the Department of Commerce and Consumer Affairs (DCCA) the flexibility to determine appropriate disclosures for promotional literature and other printed material.

DCCA, All Islands Timeshare Resales, American Resort Development Association of Hawaii, Hilton Grand Vacations Club, Pahio Resorts, and the Bay Club Ownership Resort, Inc., testified in support of this bill.

Your Committee has amended this bill by deleting contents and inserting the substance of H.B. No. 23, which is identical to S.B. 180, S.D. 2, with the exception of technical, nonsubstantive amendments and different effective dates.

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 S.B. No. 180, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 180, S.D. 2, 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 and Halford.

SCRep. 918 Education on S.B. No. 523

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 bill.

Your Committee finds that this measure will provide BOE with flexibility in setting the salary of the deputy superintendent. BOE already has the authority to set the salaries of other Department of Education officials, and this bill will ensure that the deputy superintendent can be equitably compensated.

Upon further consideration, your Committee has amended this bill by providing that, effective July 1, 2001, the salary of the deputy district superintendent shall not be less \$72,000 nor 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 S.B. No. 523, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 523, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai, Arakaki, Garcia, Halford and McDermott.

SCRep. 919 Consumer Protection and Commerce on S.B. No. 1060

The purpose of this bill is to amend the escrow depository law 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;
- (4) Include directors of an escrow depository among those persons with access to depository funds or negotiable instruments upon which the depository must maintain a fidelity bond; and
- (5) Allow the Commissioner of Financial Institutions to establish or vary certain fees by rule.

Testimony in support of this bill was received from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs (Division).

Your Committee finds that confidential depository company applications and records are currently protected by administrative rule. By placing this protection in the Hawaii Revised Statutes, this bill will make the escrow depository law easier to find and understand. This measure also provides procedural guidance to escrow businesses that want to close a branch office and streamlines Division administration of the law, by standardizing 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, but believes the fee may unduly restrict 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 S.B. No. 1060, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1060, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 920 Health on S.B. No. 594

The purpose of this bill is to take steps to more effectively combat neurotrauma in Hawaii by establishing a neurotrauma special fund and commission.

The Department of Education, the Disability and Communications Access Board, the Keiki Injury Prevention Coalition, the Brain Injury Association of Hawaii, various advocates of brain injury patients, and concerned citizens testified in support of this measure.

The Department of Health supported the measure provided it has no adverse impact on the priorities they have indicated in their executive biennium budget request.

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 programs that will 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 will result in community education about neurotrauma, research and evaluation activities, the creation of a neurotrauma registry, and long-term support services.

Moreover, it was reported to your Committee that the Department of Health estimates that it would collect around \$650,000 toward the neurotrauma special fund using roughly 2% of these funds for administrative costs which may be inadequate for these purposes. However, your Committee would like to request that the Department of Health provide the exact numbers to this Committee as well as to the Committees on Judiciary and Hawaiian Affairs and Finance as it moves through the Legislative process.

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 S.B. No. 594, S.D. 1, 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 Kawakami, Yonamine and Stonebraker.

SCRep. 921 Tourism and Culture on S.B. No. 336

The purpose of this bill is to:

- (1) Require the Legislative Auditor to conduct a financial audit of the Hawaii Tourism Authority (HTA) to ensure HTA is in compliance with programmatic and financial requirements; and
- (2) Repeal HTA June 30, 2003.

An individual submitted testimony in support of this bill.

The Department of Business, Economic Development, and Tourism submitted comments.

HTA, Chamber of Commerce of Hawaii, Hawaii Attractions Association, Retail Merchants of Hawaii, Neighbors of the Ala Wai, Hawaii Business Roundtable, Hawaii Hotel Association, Hawaii Restaurant Association, Maui Hotel Association, Maui Marriott Resorts & Ocean Club, Yacht Harbor Towers, and several concerned citizens opposed this bill.

Your Committee recognizes that HTA has been working hard to promote Hawaii's tourism industry and has been successful at marketing and increasing visitor expenditures.

Your Committee has amended this bill by:

- (1) Deleting the requirement that the Legislative Auditor audit HTA;
- (2) Changing the effective date to June 30, 2020; and
- (3) Making technical, nonsubstantive changes for clarity, style 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 S.B. No. 336, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 336, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 922 Tourism and Culture on S.B. No. 1033

The purpose of this bill is to authorize the issuance of and appropriate \$0 in general obligation bonds to support the relocation of Bishop Museum's Science Learning Center (Center) to Kakaako Makai.

The Department of Business, Economic Development, and Tourism, Hawaii Tourism Authority, Bishop Museum, Eye on Makai, and an individual testified in support of this bill. The Hawaii Community Development Authority supported the intent of the bill.

Your Committee finds that the Bishop Museum project is critical for Hawaii's success in the global community. The relocation of the Center and its designation as the State of Hawaii Museum of Natural and Cultural History will help create a vibrant new core of cultural, educational, and recreational facilities in Kakaako.

Your Committee has amended this bill by:

- (1) Increasing the amount of the bond issuance to \$5,000,000 per fiscal year; and
- (2) Making technical, nonsubstantive changes for purposes of clarity, style 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 S.B. No. 1033, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1033, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 923 Public Safety and Military Affairs on S.B. No. 859

The purpose of this bill is to allow a prisoner to be eligible for early parole for good behavior.

The Office of the Public Defender, the Community Alliance on Prisons, and four concerned citizens testified in support of this bill. The Department of Public Safety supported the intent of this bill. The Hawaii Paroling Authority and the Prosecuting Attorney of the City and County of Honolulu opposed this bill.

Your Committee finds that earned time would promote public safety by motivating offenders to actively participate in their rehabilitation.

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

- (1) Deleting its contents and inserting the contents of H.B. No. 349, H.D. 1, which establishes the earned time program to be administered by the Department of Public Safety;
- (2) Clarifying the language regarding the applicability of earned time to inmates with mandatory minimum terms of imprisonment; 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 Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 859, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 859, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 924 Economic Development and Business Concerns on S.B. No. 678

The purpose of this bill is to:

- (1) Encourage the use and development of technology by government and the private sector;
- (2) Appropriate funds to the New Economy Transition Program (NET);
- (3) Require conversion to electronic copy of all legislative documents and state agency reports received by the Legislature and electronic bill payment by the administration;
- (4) Prohibit allocation of funds by the Governor for new research or technology parks until infrastructure on all existing research and technology parks subject to legislative appropriations is completed;

- (5) Authorize issuance of general obligation bonds to extend the community-based economic development loan and grant program to information technology to distressed rural areas; and
- (6) Establish a high technology task force to establish goals and an implementation plan to develop high technology in Hawaii.

The Hawaii Bankers Association testified in support of this bill. The Department of Business, Economic Development, and Tourism (DBEDT), the Office of the Governor, the Honolulu Japanese Chamber of Commerce, Department of Budget and Finance, Hawaii Technology Trade Association, Department of Accounting and General Services, and the Chamber of Commerce of Hawaii supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Deleting Part III thereby authorizing allocation of funds by the Governor for new research or technology parks prior to the completion of all infrastructure on existing research and technology parks;
- (2) Adding the Office of Planning, the Special Advisor for Technology Development, and the Director of DBEDT to the task force;
- (3) Extending the full operation completion date of the electronic bill payment system to January 1, 2003; and
- (4) Making technical, nonsubstantive changes for purposes of clarity, style and consistency.

Your Committee finds that a technology-wise local business community and a resident workforce with education and training in technological skills are crucial to the future growth of our economy. This bill supports those goals by increasing access and participation in technology programs

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 S.B. No. 678, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 678, S.D. 1, H.D. 1, and be referred to the Committee on Water and Land Use.

Signed by all members of the Committee.

SCRep. 925 Economic Development and Business Concerns on S.B. No. 1292

The purpose of this bill is to restructure the New Economy Technology Scholarship Program (Program) to allow more students to participate by removing some onerous requirement that have hindered the Program's implementation. More specifically, this bill:

- (1) Requires that lists of approved courses be reviewed only as necessary;
- (2) Repeals the requirements that work shall begin in Hawaii within a specified time following the completion of a degree or certificate program and that if such work has not begun, the student shall reimburse amounts received;
- (3) Specifies which programs shall have priority status;
- (4) Repeals the requirement that the Department of Business, Economic Development, and Tourism (DBEDT) adopt rules relating to the Program;
- (5) Specifying further information to be included in the annual report;
- (6) Appropriating funds to establish and implement the Program; and
- (7) Extending the sunset date of the Program to June 30, 2006.

The University of Hawaii submitted testimony in support of this bill. DBEDT submitted testimony in support of the intent of this bill.

Your Committee finds that the Program seeks to help create a technologically literate and proficient workforce. As our economy develops, it is transformed by today's technology, and Hawaii must ensure that our students have the tools to be effective workers in this "New Economy." Unfortunately, the Program has been mired in inhibiting requirements that have not allowed it to become fully implemented. These restrictive aspects of the original legislation must be addressed if the Program is to function as it was intended. This bill will help this worthy Program get off of the ground by removing these hindrances to the Program's full realization.

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 S.B. No. 1292, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 926 Transportation on S.B. No. 164

The purpose of this bill is to increase the safety of children riding scooters and skateboards by:

- (1) Requiring a person under the age of sixteen years to wear a bicycle helmet when operating a scooter or skateboard upon a street, bikeway, or any other public property;
- (2) Prohibiting clinging to vehicles while riding on scooters or skateboards;
- (3) Prohibiting a renter of scooters from renting to a person under the age of 16 unless the person is wearing a bicycle helmet while operating the rented scooter; and
- (4) Allowing counties to regulate persons riding scooters and skateboards on streets and highways under their jurisdiction.

The Department of Transportation, Department of Health, Honolulu Police Department (HPD), and Keiki Injury Prevention Coalition submitted testimony in support of the bill. The Disability and Communication Access Board supported the intent of the bill.

As recommended by HPD, your Committee has amended this measure by:

- (1) Deleting the reference to scooters and skateboards in the provision requiring the use of bicycle helmets, since scooters and skateboards are not permitted to be ridden on streets and may cause people to mistakenly believe that they may ride on the streets if they are wearing a helmet; 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 Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 164, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 164, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 927 Transportation on S.B. No. 758

The purpose of this bill is to accommodate applicants for a driver's license who have difficulty in understanding the English language by:

- (1) Authorizing the Examiner of Drivers to provide written examinations in a foreign language; and
- (2) Defining "foreign language" to mean a language, other than English, used by at least 10,000 people in the State according to the last decennial census.

The Department of Customer Services of the City and County of Honolulu, Faith Action for Community Equity, Mu-Ryang-Sa Korean Buddhist Temple, and several individuals testified in support of the bill. The Department of Transportation (DOT) testified in opposition to the bill.

Your Committee finds that the decennial census is not suitable in determining the number of people who speak a language, other than English, and that DOT rules address the situation where the driver's license applicant has difficulty in understanding English. Accordingly, your Committee has amended this measure by authorizing DOT to determine when the usage of a particular foreign language warrants the preparation of the examination in that language. Your Committee has also amended the effective date of this measure to 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 S.B. No. 758, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 758, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 928 Transportation on S.B. No. 751

The purpose of this bill is to allow interisland air carriers using certified quieter aircraft under an operating lease to claim a tax credit of an unspecified percentage of the lease rent paid to the lessor.

Hawaiian Airlines testified in support of the 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 the bill.

While your Committee finds no compelling justification to single out the interisland air industry for preferential tax credit treatment, the importance of interisland air carriers cannot be denied. Accordingly, your Committee, after careful consideration, has amended this measure by deleting its contents and inserting the provisions of H.B. No. 1658 that exempts from general excise tax amounts received as rent for the rental or leasing of aircraft or aircraft engines used for interstate transportation of passengers and goods.

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 S.B. No. 751, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 751, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 929 Labor and Public Employment on S.B. No. 932

The purpose of this measure is to prohibit state and county contracts, programs, services, and workforce policies from favoring or preferring one parent over another in child raising.

The measure exempts preferences that are determined to be in the best interest of a child or that would impose an unreasonable burden on the State or counties by removing a preference in existing contracts, programs, services, or workforce policies.

Testimony in support of this bill was submitted by Senator Brian Kanno, Parents and Children Together, the Hawaii Coalition for Dads, and Mr. Rick Hoo. The Department of Human Services supported the bill's intent.

Your Committee recognizes that research has indicated that the role fathers play in raising children is significant. Although it is undeniable that both parents play a critical role in raising healthy, well-adjusted children, there are marked differences in outcomes when a father is actively involved in child rearing activities. Children without fathers are more likely to drop out of school, abuse drugs, or engage in other illegal activities.

On June 16, 1995, President Clinton requested federal agencies to review their programs and policies to strengthen the role of fathers in families. Certain programs and services for families or parents may serve only one parent, often unintentionally. Your Committee believes this measure will help both parents to have equal access to state and county contracts, programs, services, and workforce policies and will improve the lives of families in Hawaii.

Your Committee has amended the measure by adding language proposed by the Senate in response to testimony submitted by the Department of Human Services. The new language requires state and county agencies to review their policies to determine whether a preference exists that favors one parent over the other. If such a preference exists, the agency shall eliminate it by encouraging all parents to be included. The bill also has been amended to make the new statutory section effective June 30, 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 S.B. No. 932, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 932, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Nakasone, Souki, and Rath.

SCRep. 930 Consumer Protection and Commerce on S.B. No. 1061

The purpose of this bill is to eliminate unnecessary regulation of real estate brokers (REB) by:

- (1) Changing the experience requirement from full-time during the three years preceding a license application to a more reasonable requirement of at least three years of the five years preceding the application;
- (2) Exempting a condominium hotel operator who is a licensed REB from registration and fidelity bond requirements that duplicate protections under REB regulatory requirements; and
- (3) Providing that the fidelity bond requirement applicable to condominium hotel operators should also apply to condominium managing agents.

Testimony in support of this measure was submitted by the Real Estate Commission (Commission), Hawaii Association of Realtors, and Office of the Lieutenant Governor.

Your Committee finds that this bill is a product of the Department of Commerce and Consumer Affairs' Slice Waste and Tape effort, and involved the cooperative efforts of the Commission and the real estate industry. This measure will help to ease the regulatory burden on REBs without compromising consumer safety.

Your Committee has made 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 S.B. No. 1061, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1061, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 931 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on S.B. No. 1276

✓ The purpose of this bill is to protect personal names and trademarks from cybersquatting. Cybersquatting is the registration of a domain name on the Internet, where the name registered is identical or confusingly similar to a person's name or a trademark.

Testimony in support of this bill was submitted by the Tony Group, Hawaii Automobile Dealers' Association, and Lieutenant Governor Mazie Hirono, testifying as a private citizen. Verizon provided testimony in support of the intent of the bill and suggesting amendments. The International Trademark Association and two concerned individuals commented on the measure.

Your Committees heard testimony that the names of many persons and companies are unavailable for use as domain names on the Internet because they have been registered by unrelated third parties. In 1999, Congress passed the AntiCybersquatting Consumer Protection Act, which sought to address this problem.

Unfortunately, federal law provides inadequate protection for personal names. To claim protection under the federal law, a person must show that the cybersquatter intended to profit from the cybersquatting activity. However, a cybersquatter could cause harm without intending to profit by placing a person's name on the Internet, along with information that could tarnish or disparage the person.

Your Committees also heard concerns that the bill, as received, would conflict with trademark protections also included under federal law, which were thought to provide adequate, nationally uniform protection for trademark owners.

Upon further consideration, your Committees have amended this measure by removing its trademark provisions, and making nonsubstantive, technical amendments to its remaining personal name protections. As amended, this bill is substantially similar to H.B. No. 1221, H.D. 2, with the exception that it:

- (1) Creates a new chapter in the Hawaii Revised Statutes, as opposed to a new part in chapter 481B, Unfair and Deceptive Practices; and
- (2) Defines "cybersquatting."

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 S.B. No. 1276, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1276, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 932 Water and Land Use on S.B. No. 1007

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 Attorney General testified in support of this measure. The Hawaii Bankers Association opposed this bill.

Your Committee has amended this bill by:

- (1) Specifying that liens apply only to nonconsensual liens to ensure that mortgage liens are not affected by this bill; and
- (2) Making technical, nonsubstantive amendments to correct technical drafting 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 S.B. No. 1007, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1007, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Morita.

SCRep. 933 Water and Land Use on S.B. No. 1162

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:

- (1) Twice in a statewide or county publication for dispositions relating to drawings;
- (2) Once in a statewide or county publication for all other forms of dispositions; and
- (3) Be posted on the Internet.

DLNR and the Executive Assistant to the Governor and Special Advisor for Technology Development testified in support of this measure. Hawaii's Thousand Friends opposed this bill.

Your Committee has amended this measure by deleting its substance and inserting the provisions of H.B. No. 687, H.D. 1, a similar bill that passed Third Reading in the House earlier this session. As amended, this bill requires that public notice be given once statewide and once in the county where the land being disposed of is located.

According to the testimony, DLNR is already evaluating the Internet option. This is consistent with the Governor's mandate that all Executive Branch departments have their primary public services available on-line by July, 2002.

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 S.B. No. 1162, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1162, S.D. 1, 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. 934 Water and Land Use on S.B. No. 1165

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 (NARS) 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 or endangered species.

The Department of Land and Natural Resources and an individual testified in support of this measure. The University of Hawaii's Environmental Center offered comments.

Your Committee has amended this measure by deleting its substance and inserting the substance of H.B. No. 690, H.D. 2, a similar bill that passed Third Reading in the House earlier this session. As amended, this bill reduces the administrative fines for violations of the State ESA and NARS as follows:

- (1) For a first violation, a fine of not more than \$2,500 instead of \$10,000;
- (2) For a second violation, a fine of not more than \$5,000 instead of \$15,000; and
- (3) For a third or subsequent violation, a fine of not more than \$10,000 instead of \$25,000.

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 S.B. No. 1165, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1165, S.D. 1, 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. 935 Water and Land Use on S.B. No. 1452

The purpose of this bill is to make various housekeeping amendments to statutes 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 and the Judiciary testified in support of this measure with amendments.

Your Committee has amended this bill by deleting its substance and inserting the substance of H.B. No. 998, H.D. 2, which passed Third Reading in the House earlier this session. As amended, this bill is similar to the S.D. 1 version except that it specifies that an endorsement of the current certificate of title may, rather than shall, be required, if the certificate reference in the instrument is not current, rather than is incorrect or absent.

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 S.B. No. 1452, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1452, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Morita.

SCRep. 936 Transportation on S.B. No. 1397

The purpose of this bill is to increase the time period for recording a transfer of ownership for a vehicle with an out-of-state lienholder.

The City and County of Honolulu and the Hawaii Automobile Dealers' Association testified in favor of this measure.

Your Committee understands that out-of-state lienholders have little incentive to quickly deliver the endorsed certificate of title after receiving full payment on the loan. This bill will aid automobile dealers in particular and help them avoid the \$50 fine for late title transfers.

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 S.B. No. 1397, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 937 Transportation on S.B. No. 1603

The purpose of this bill is to require health care professionals caring for a motor vehicle collision victim to notify law enforcement personnel if they become aware of drugs in a person's blood or urine that could impair that person's driving.

The Department of Transportation, the Honolulu Police Department, the Department of the Prosecuting Attorney of the City and County of Honolulu, and Mothers Against Drunk Driving testified in support of this bill.

Your Committee notes that related provisions in Act 189, Session Laws of Hawaii 2000, which consolidated statutes relating to impaired driving and boating, will become law in January 2002. However, because of the importance of this information to law enforcement officers, your Committee finds that this bill will allow these officers to take precautions immediately instead of waiting for January 2002. The importance of removing impaired drivers from our highways cannot be stressed enough. Public safety demands that law enforcement officers have the tools necessary to ensure highway safety for all.

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 S.B. No. 1603, S.D. 1, 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. 938 Transportation on S.B. No. 1341

The purpose of this bill is to require applicants for a motor vehicle driver's license, instruction permit, or state identification (ID) who are subject to the Military Selective Service Act to be in compliance with the filing requirements of the Military Selective Service Act prior to the issuance of a new or renewed license, permit, or state ID.

The City and County of Honolulu, the Commander of Region III Headquarters of the Selective Service System, the State Director of the Selective Service System, and the United Public Workers testified in support of the bill. The State Adjutant General, the Department of the Attorney General, and the American Friends Service Committee of Hawaii testified in opposition to the bill.

Your Committee finds that failing to register can result in substantial criminal penalties and loss of eligibility for federal student loans, job training, and many federal jobs. Linking Selective Service Registration with driver's licensing will help ensure that young men are aware of their obligation and will not be penalized by not registering.

Upon further consideration, your Committee notes that linking the Selective Service System with the State ID Program may present difficulties that will require more time to work out. Your Committee has, therefore, deleted the references to the State ID Program.

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 S.B. No. 1341, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1341, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 939 Transportation on S.B. No. 1199

The purpose of this bill is to give government agencies more flexibility in managing its concession program and to clarify and update its procedures by:

- (1) Amending the definition of "concession" to include the sale of services, such as advertising and communication and telecommunication services;
- (2) Authorizing the issuance of revocable permits for up to one year; and
- (3) Authorizing concession contracts for parking lot operations by competitive sealed proposal where it is determined that competitive sealed bidding is not practical or advantageous to the awarding government agency.

HMSHost, DFS Hawaii, and Greeters of Hawaii testified in support of the bill. The Department of Transportation, Airport Concessionaires Committee, Catrala-Hawaii, National Car Rental, Alamo Rent A Car, Hertz Corporation, Island Shoppers, Inc., testified in support of the bill with amendments.

Your Committee finds from the testimony that the "top dollar" bidding process is preferred over the competitive sealed proposal procedure. Accordingly, after careful consideration, your Committee has amended this measure by:

- (1) Providing that concession contracts for rental car operations shall be by competitive sealed bids, thereby avoiding political influence and abuse in the bidding process;
- (2) Deleting the provision to make parking lot operations subject to the competitive sealed proposal process; and
- (3) Making technical nonsubstantive amendments for purposes of clarity, style, and continuity.

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 S.B. No. 1199, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1199, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 940 Agriculture on S.B. No. 984

The purpose of this bill is to change, from March 31 to June 30, the date on which the Board of Agriculture determines the amount of acreage assessments necessary in a fiscal year for irrigation facility projects.

The Department of Agriculture (DOA) and the Hawaii Agriculture Research Center testified in support of this bill.

Your Committee finds that this bill will help reduce operating expenses and improve tracking of irrigation facility projects for DOA.

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 S.B. No. 984 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, Takumi, Halford and Whalen.

SCRep. 941 Agriculture on S.B. No. 224

The purpose of this bill is to appropriate general funds for the Department of Agriculture (DOA) to conduct pineapple research.

DOA, College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa, Hawaii Farm Bureau Federation, Pineapple Growers Association of Hawaii and Hawaii Agriculture Research Center testified in support of this bill.

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

- (1) Changing the appropriation to \$221,413 for fiscal years 2001-2002 and 2002-2003 to reflect the originally requested amount; and
- (2) Making technical, nonsubstantive changes for purposes of clarity, style, 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 S.B. No. 224, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 224, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Takumi, Halford and Whalen.

SCRep. 942 Consumer Protection and Commerce on S.B. No. 264

The purpose of this bill is to allow a licensed audiologist to certify that a person is deaf for the purpose of qualifying for certain tax exemptions and deductions.

Under the present tax law, only a qualified otolaryngologist may certify that a person is deaf. Obtaining this certification is difficult for persons living in rural areas where otolaryngologists are not available.

This bill proposes to resolve this hardship by permitting audiologists, who are more readily available in rural areas, to also provide the required certification.

Testimony in support of this measure was received from the Disability and Communication Access Board. The Department of Taxation and the Tax Foundation of Hawaii offered comments.

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 S.B. No. 264, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 943 Consumer Protection and Commerce on S.B. No. 1070

The purpose of this bill is to authorize the Insurance Commissioner to charge fees for the review and approval of continuing education courses and course providers.

Additionally, this bill requires course providers to submit course completion information to the Insurance Division (Division) by electronic means.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs, the Hawaii Independent Insurance Agents Association, and the National Association of Insurance and Financial Advisors.

Your Committee finds that continuing education for insurance licensees helps to protect consumers and increase the quality of services provided. This measure will allow the Division to offset the cost of reviewing and approving insurance licensee continuing education courses and course providers. Further, Division efficiency and timeliness in processing insurance license renewals will be promoted by requiring course completion information to be submitted electronically.

Your Committee has made 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 S.B. No. 1070, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1070, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 944 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on S.B. No. 992

The purpose of this bill is to allow better administration and enforcement of the cigarette tax stamp law by:

- (1) Creating a presumption that all cigarettes are subject to the stamp tax;
- (2) Removing the exemption for the resale of cigarettes purchased at military outlets, and providing for the application of existing sales and vending penalties and fines under the tax stamp law;
- (3) Remediating 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) Making start-up \$1 appropriations from the general fund to the CTSA and CTSE Special Funds, and appropriations of \$1 for fiscal years 2001-2002 and 2002-2003, out of both Special Funds for tax stamp administration and enforcement.

Testimony in support of this measure was received from the AG and DOTAX. The Tax Foundation and Hawaiian Isle Enterprises, Inc., commented.

Upon further consideration, your Committees have amended this bill to allow cigarette distribution businesses to recover costs incurred in affixing stamps to cigarette packages. The amendments added by your Committees to section 245-26, Hawaii Revised Statutes, for this purpose:

- (1) Authorize the cost of stamps to be reduced by an unspecified percentage of the denominated value of each stamp purchased, to allow cigarette distributor cost recovery; and
- (2) Provide that the percent reduction for cost recovery is not available to a cigarette distributor that is in noncompliance with State law.

Your Committees have also reorganized the bill for clarity, by dividing it into two parts:

- (1) Part I contains the bill's armed services outlet cigarette resales provisions; and
- (2) Part II contains special fund and cost recovery provisions.

Other 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 S.B. No. 992, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 992, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 945 Legislative Management on S.B. No. 499

The purpose of this bill is to enable the Legislature to establish a leave sharing program to benefit employees who are in need of paid leave for qualified personal or medical reasons.

The Legislative Reference Bureau and a concerned individual testified in support of this measure.

Your Committee finds that this bill will provide legislative employees with the same leave sharing benefits that are now enjoyed by other state employees, if adopted separately by each house of the legislature and each legislative agency, or jointly by any combination of entities thereof.

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 S.B. No. 499, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives M. Oshiro and Halford.

SCRep. 946 Legislative Management on S.B. No. 813

The purpose of this bill is to make government reports more accessible to the public and delivered with minimum effort and cost, by requiring a government agency to publish and distribute a report by:

- (1) Making it available in printed form;
- (2) Posting it on the government agency's website, if the agency maintains a website; or
- (3) Posting it on the Internet.

The Executive Assistant to the Governor and Special Advisor for Technology Development and a concerned individual testified in support of this measure. The Department of Accounting and General Services supported the intent of this bill.

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 S.B. No. 813 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Halford.

SCRep. 947 Legislative Management on S.B. No. 797

The purpose of this bill is to clarify the powers vested in the legislative branch of government by:

- (1) Deleting outdated references to repealed laws relating to loyalty oaths; and
- (2) Clearly asserting a legislative body's power to compel a person to testify on certain matters.

Five councilmembers from the County of Maui testified in support of this measure.

Your Committee believes that the amendments contained in this measure are necessary to avoid confusion and to clearly state the powers of the legislature.

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 S.B. No. 797 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 Halford.

SCRep. 948 Legislative Management on S.B. No. 1317

The purpose of this bill is to advance the deadline for the annual filing of financial interests disclosure statements by public officers and employees from May 31st to May 15th.

The Hawaii State Ethics Commission (Commission) testified in support of this measure.

Your Committee finds that moving the deadline for filing the annual disclosure of financial interests statements would help the Commission and its clerical avoid a needless crunch of work at the end of May.

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 S.B. No. 1317 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 Halford.

SCRep. 949 Legislative Management on S.B. No. 1430

The purpose of this bill is to require legislative candidates to be qualified voters in the district prior to filing nomination papers for the primary election except for incumbents when displaced by reapportionment.

The League of Women Voters of Hawaii and Common Cause Hawaii testified in support of this bill.

Your Committee finds that a person can run for office in any district without any residency requirements. However, your Committee believes that requiring a person to live in the district from the day a person files for candidacy would enhance the potential candidate's understanding of the community and better serve the district.

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 S.B. No. 1430 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 Halford.
(Representative Gomes voted no.)

SCRep. 950 Health on S.B. No. 257

The purpose of this bill is to limit the return of prescription drugs to acute care hospitals.

Testimony in support of this measure with recommended amendments was received from the Board of Pharmacy. The Hawaii Pharmacists Association and Kaiser Permanente supported the intent of this measure with amendments.

Kaiser Permanente had some concerns regarding the effect on the current practice of the returning of prescription medications presently being used at acute care facilities throughout the State. It requested that amendments be made to the bill to accommodate the current practice used by acute care facilities to prevent rising costs and decrease in supply of prescription medication due to waste.

Your Committee realizes that increasing health care costs make it difficult for many people to receive adequate health care. The soaring cost of prescription drugs affects a large majority of the population. Moreover, much of this cost can be attributed to the issue of supply and demand with some medications being in high demand with low availability.

Moreover, your Committee understands that most drugs in hospitals can be safely reused due to effective safety and security measures at these facilities. This practice poses no danger to the general public and helps to control the cost of health care.

However, your Committee understands the concerns brought forth by the Board of Pharmacy and therefore has amended this measure by:

- (1) Clarifying the current practice of acute care hospitals by deleting references to dispensed or redispensed prescription drugs;
- (2) Allowing for the return of controlled substances to pharmacies in acute care hospitals; 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 S.B. No. 257, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 257, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 951 Health on S.B. No. 597

The purpose of this bill is to make various amendments and name changes to clarify the State's Developmental Disabilities Law.

The Department of Health, Disability and Communication Access Board, and State Council on Developmental Disabilities submitted testimony in support of this measure.

Your Committee recognizes this is a housekeeping measure that clarifies the State's Developmental Disabilities Law to be in compliance with changes in the Federal Developmental Disabilities Law.

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 S.B. No. 597, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 952 Health on S.B. No. 1138

The purpose of this bill is to require:

- (1) Mandatory hearing screening for newborns; and
- (2) The Department of Health (DOH) to adopt rules to standardize newborn hearing screening statewide.

DOH, the Hawaii Center for the Deaf and Blind, American Speech-Language-Hearing Association, Hawaii Early Intervention Coordinating Council, Disability and Communications Access Board, and a concerned physician testified in support of this measure.

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 beneficial not only 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 S.B. No. 1138, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 953 Health on S.B. No. 469

The purpose of this bill is to appropriate funds as a grant-in-aid to counties for administration of the program to issue removable windshield placards for parking to qualified persons with disabilities.

The Disability and Communications Access Board, Advocates for Consumer Rights, and Honolulu Police Department testified in support of this measure.

The City and County of Honolulu supported the intent of the measure but had some concerns regarding the funding for the equipment and costs of issuing picture identification cards and requested that an amendment be made to the bill to include this figure.

Your Committee understands that many individuals violate current disabled parking laws, creating difficulties for qualifying 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. By having picture identification cards or placards, the police departments would be able to more effectively enforce the disabled parking laws and issue citations to violators.

The counties administer the issuance of parking placards for the disabled. They previously charged a fee for the placards and used the funds to administer the program, but are now prohibited from charging fees due to a court ruling. This bill is an attempt to seek compensation for the counties in response to their efforts on behalf of the State.

Your Committee understands that this is a very important measure and would like to accommodate the costs to the counties for the new identification cards and placards. Accordingly, your Committee has amended this measure by:

- (1) Adding an appropriation of \$604,000 to the Disability and Communication Access Board to pay the counties for the new identification cards; and
- (2) Making nonsubstantive, technical 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 S.B. No. 469, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 469, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 954 Health on S.B. No. 1122

The purpose of this bill is to:

- (1) Allow the Disability and Communication Access Board (DCAB) to assess applicant fees for sign language interpreter credentialing; and
- (2) Establish a special fund to enable DCAB to retain these fees to offset the cost of the credentialing and screening process.

DCAB and the Department of Human Services submitted testimony in support of this measure. DCAB requested an amendment.

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

Your Committee has amended this measure according to DCAB's recommendations by:

- (1) Deleting a provision that would have required all appropriations for DCAB to be placed into the special fund; 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1122, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1122, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 955 Health and Human Services and Housing on S.B. No. 118

The purpose of this bill is to appropriate funds to establish a Breast and Cervical Cancer Treatment Program (Program) for individuals who are diagnosed by the Hawaii Breast and Cervical Cancer Control Program and are:

- (1) Not eligible to receive Medicaid benefits for treatment; and
- (2) Uninsured, underinsured, or both.

The Office of the Lieutenant Governor, Department of Health, State Health Planning and Development Agency, Hawaii State Commission on the Status of Women, Healthcare Association of Hawaii, Hawaii Women Lawyers, Hawaii Breast and Cervical Cancer Treatment Fund Coalition, American College of Surgeons Commission on Cancer Liaison Program, Hawaii Society of Clinical Oncology, Hawaii Medical Services Association, and concerned citizens testified in support of this measure. The Department of Human Services and Hawaii Primary Care Association supported the intent of this measure.

Your Committees find that Hawaii has one of the highest mortality rates in the nation for women with breast cancer. Moreover, this rate differs among the diverse ethnic groups in the State, with women of Hawaiian ancestry having a higher than average rate of new breast cancer cases.

Moreover, under federal law, Medicaid coverage for legal immigrants is prohibited for the first five years of their United States residency. Thus, many women in Hawaii who are legal immigrants are not able to take advantage of the Hawaii Breast and Cervical Cancer Control Program.

Also, many women in Hawaii do not have medical insurance or are not insured for cancer treatment. Although they may be able to receive free breast cancer screening through the breast cancer control program, many opt not to receive treatment to avoid financial and emotional hardship on their families.

Your Committees feel that it is unconscionable to have a diagnostic screening program for women but no means for treatment. Through early intervention and treatment, overall costs for care would diminish since women would not wait to seek treatment until the disease was more advanced.

Therefore, your Committees would like to emphasize that this is a very important measure and feel that it is imperative that this measure be passed for the overall health of Hawaii's women.

Your Committees, emphasizing their commitment to this issue, have amended the measure by:

- (1) Inserting an appropriation of \$472,000 to meet the needs of the intended beneficiaries of the Program for fiscal biennium 2001-2003; 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 Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 118, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 118, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 956 Consumer Protection and Commerce on S.B. No. 630

The purpose of this bill is to enact a reciprocal shipping law that permits local wineries to ship up to two cases of their wines for personal use, directly to a customer in a state with a reciprocal shipping law. This bill will also permit a Hawaii resident to purchase for personal use and have shipped to Hawaii, up to two cases of wine from mainland wineries in reciprocal states.

Testimony in support of this measure was received from Volcano Vineyards, LLC, Tedeschi Vineyards, Ltd., and the Wine Institute.

Your Committee finds that Hawaii's small wineries have found it difficult to distribute their products outside of the State through wholesale distributors. The success of their businesses is also limited by their inability to ship their products directly to consumers in other states, many of whom are tourists who want to buy Hawaii's wine, but find it difficult to carry the heavy bottles while on vacation. This situation results in lost sales to Hawaii's businesses, and lost tax revenues to the State. Your Committee also finds that this measure will help to diversify the economy by assisting Hawaii's small, but growing wine 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 S.B. No. 630, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 957 Human Services and Housing on S.B. No. 654

The purpose of this bill is to set Medicaid payments at a level that fairly compensates providers by ensuring that payments are at least sufficient to cover the actual costs of care offered by providers.

The Hawaii Health Systems Corporation, Healthcare Association of Hawaii, Hawaii Long Term Care Association, Queen's Medical Center, Kapiolani Medical Center for Women and Children, North Hawaii Community Hospital, St. Francis Healthcare System of Hawaii, Kaiser Permanente, Leeward Integrated Health Services, and the Hawaii Nurses Association submitted testimony in support of this measure.

The Department of Human Services (DHS) and Department of Budget and Finance opposed this measure. DHS's primary concern with this measure is funding.

Your Committee finds that Medicaid payment rates are not sufficient to cover the actual costs of long-term care. One long-term care provider stated that providers receive as little as 37 percent of the actual cost of care. This bill seeks to remedy this situation and keep providers from closing their businesses.

Your Committee has amended this bill with the collaborative efforts of DHS and other affected organizations by:

- (1) Clarifying the directives for DHS regarding the DRI McGraw-Hill inflation component, return on equity, and rate reconsideration;
- (2) Deleting vague, non-specific provisions for Medicaid payments and appropriations;
- (3) Inserting appropriation amounts; 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 Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 654, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 654, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 958 Human Services and Housing on S.B. No. 1015

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 testified in support of this measure.

Your Committee finds that 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.

Your Committee has amended this bill by:

- (1) Requiring, instead of allowing, HCDCH to adopt rules with respect to the establishment of the resident advisory board; 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 S.B. No. 1015, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1015, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 959 Human Services and Housing on S.B. No. 1016

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

HCDCH supported the intent of this measure.

Your Committee finds 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 low-rent public housing or Section 8 tenant-based housing assistance payments 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 S.B. No. 1016, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 960 Human Services and Housing on S.B. No. 1019

The purpose of this bill is to:

- (1) Remove the requirement for the Housing and Community Development Corporation of Hawaii (HCDCH) to ensure that a compliance audit of service providers by an independent auditing agency is done every fiscal biennium period; and
- (2) Require service providers to submit a financial audit and report conducted by a certified public accounting firm to HCDCH annually.

HCDCH, Kalihi-Palama Health Center, and Homeless Solutions testified in support of this measure.

Your Committee finds that the estimated cost of the compliance audit required under existing law would cost much more than the amount budgeted. Further, other compliance audits are already in place. The appropriated funds could be used to assist other areas of homeless 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 S.B. No. 1019, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 961 Human Services and Housing on S.B. No. 1021

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

The Housing and Community Development Corporation of Hawaii, Special Assistant to the Governor for Housing, RHTF Advisory Commission, City and County of Honolulu, Hawaii Catholic Conference, American Friends Service Committee, Kalihi-Palama Health Center, Institute for Human Services, Inc., Building Industry Association of Hawaii, Affordable Housing and Homeless Alliance, and the Hawaii State Commission on the Status of Women testified in support of this measure.

Your Committee finds that the revenue bonds will provide funds that will enable RHTF to continue to support the development of affordable rental housing. Estimates show that approximately 11,000 affordable rental units will be needed within the next five years. This appropriation will also benefit Hawaii's construction industry, housing developers, and other related businesses, providing a much-needed boost to the economy.

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 S.B. No. 1021, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 962 Human Services and Housing on S.B. No. 1109

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 measure.

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 S.B. No. 1109 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, McDermott and Stonebraker.

SCRep. 963 Human Services and Housing on S.B. No. 1105

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 in certain circumstances to expedite the adoption process.

DHS and Child Welfare Services State Advisory Council testified in support of the measure.

Your Committee recognizes that by exempting DHS from the statutory requirement, adoption procedures may be more expeditious. This ultimately benefits 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 S.B. No. 1105, S.D. 1, 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 Takai, McDermott and Stonebraker.

SCRep. 964 Energy and Environmental Protection on S.B. No. 1129

The purpose of this bill is to reduce the use of lead-containing products in the drinking water distribution system by:

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

The Department of Health and the Board of Water Supply of the City and County of Honolulu testified in support of this measure.

This bill is similar to H.B. No. 654, H.D. 1, which passed Third Reading in the House earlier this session.

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 S.B. No. 1129 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 965 Energy and Environmental Protection on S.B. No. 1435

The purpose of this bill is to encourage and support the research and development of hydrogen as a source of fuel by:

- (1) Establishing within the Department of Business, Economic Development, and Tourism (DBEDT), the Hydrogen Public/Private Partnership (Partnership) to support and promote hydrogen use in Hawaii's energy economy; and
- (2) Appropriating an unspecified amount for hydrogen research and development.

The University of Hawaii at Manoa and the Gas Company submitted testimony in support of the bill. DBEDT, Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, and Hawaii Renewable Energy Alliance submitted testimony supporting the intent of the bill.

Your Committee finds that restricting the membership of the Partnership to members critical to research and development in the initial stage of the program will expedite the successful development of hydrogen as a fuel. Further, the location of the hydrogen production site and the participation of all islands in the program are also matters of concern to your Committee. Accordingly, your Committee has amended this measure by:

- (1) Deleting the environmental community from the enumerated entities invited to participate in the Partnership;
- (2) Requiring that the hydrogen production site be on the island of Hawaii for the importation and production of hydrogen for Oahu;
- (3) Requiring that the engineering assessments of biomass or wind energy pathways for hydrogen cover all islands; and
- (4) Making technical, nonsubstantive amendments for purposes of 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 S.B. No. 1435, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1435, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 966 Judiciary and Hawaiian Affairs on S.B. No. 1365

The purpose of the bill is to appropriate funds for the Weed and Seed Hawaii program.

The Department of Business, Economic Development and Tourism, Housing and Community Development Corporation of Hawaii, the Department of Public Safety, the Honolulu Police Department, United States Attorney Steven S. Alm, the Waipahu Community Association, Tamashiro Market, Inc., and two concerned individuals testified in support of the measure.

Your Committee finds that the Weed and Seed program has been helpful in promoting a safer and supportive environment for targeted areas of the program. This measure supports cooperation between federal, state and local agencies, and the private sector to promote the program.

The United States Attorney indicated:

- (1) The program can function through a private nonprofit corporation that they recognize as willing to take on the responsibilities of this measure;
- (2) The Department of the Attorney General would not be the most appropriate agency to be the expending agency for this program; and
- (3) An appropriation amount would only be needed for one year because there is still need to assess the total dollar figure for the following year.

Your Committee amended the bill by:

- (1) Clarifying the nature of the public private partnership envisioned;
- (2) Deleting provisions making the Department of Attorney General the expending agency;
- (3) Inserting a dollar amount for the first year of the program; and
- (4) 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 S.B. No. 1365, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1365, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 967 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on S.B. No. 1073

The purpose of this bill is to increase protections for consumers against the risk of loss due to mishandling or misappropriation of client funds by prepaid travel agency and charter tour services. This measure amends chapter 468L, Hawaii Revised Statutes, by adding six new sections to Hawaii's travel agency law. Specifically, the bill strengthens existing law by:

- (1) Authorizing the Director of Commerce and Consumer Affairs (Director) to deny registration of travel agencies or charter tour operators that fail to comply with the law, and under other specified circumstances;

- (2) Delineating travel agency and charter tour client trust account recordkeeping requirements;
- (3) Prohibiting operation of a travel agency or charter tour company in violation of chapter requirements, as well as other acts detrimental to consumers;
- (4) Authorizing the Director to revoke, suspend, or refuse to renew the registration of violators;
- (5) Establishing that violations relating to client trust accounts constitute fraud, and providing fines and other administrative penalties; and
- (6) Authorizing the Director to obtain an injunction or court order to protect consumers.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committees find that this measure is needed. Despite existing law, there have been recent incidents where consumers have found themselves without airline tickets or other expected accommodations. In most cases, consumers were unable to obtain refunds from their travel agency. In some cases, losses resulted from the insolvency of the travel agency. In other cases, losses were related to misappropriation or misuse of client trust fund accounts.

Your Committees believe that this bill balances government regulation of private business and protects the interests of consumers, without unduly burdening responsible travel agencies and charter tour operators.

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 S.B. No. 1073, S.D. 1, 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 and Yoshinaga.

SCRep. 968 Water and Land Use on S.B. No. 1013

The purpose of this bill is to support the provision of infrastructure to accommodate various public and private projects in the Kakaako Makai area by increasing the Hawaii Community Development Authority's (HCDA) tax-exempt public facilities revenue bond authorization from \$35,000,000 to an unspecified amount.

HCDA testified in support of this measure, and the Department of Budget and Finance offered comments.

The bond authorization is needed for central parking structures that will support the facilities proposed for the area, including the Bishop Museum's Science Learning Center, the Ocean Science Center, existing facilities, the John A. Burns School of Medicine/Biomedical Research Center, and high tech development projects.

Your Committee has amended this bill by inserting the sum of \$150,000,000, thereby conforming this bill with the intent of H.B. No. 537, H.D. 1, which was reported earlier from your Committee. Other technical, nonsubstantive amendments were also made to conform with drafting conventions.

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 S.B. No. 1013, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1013, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 969 Water and Land Use on S.B. No. 1028

The purpose of this bill is to require the Hawaii Community Development Authority (HCDA) to develop a consolidation plan for transferring the responsibility for redeveloping the Kalaeloa Community Development District from the Barbers Point Naval Air Station Redevelopment Commission (Commission) to HCDA.

The Board of Water Supply of the City and County of Honolulu testified in support of this measure. Opposing testimony was submitted by the Commission and the Department of Business, Economic Development, and Tourism. HCDA supported the original intent of this measure. The Office of Hawaiian Affairs supported this bill with amendments, and the City and County of Honolulu Department of Planning and Permitting offered comments.

Your Committee has amended this bill by deleting its substance and inserting the substance of H.B. No. 552, H.D. 1, which was reported earlier this session by your Committee and the Committee on Transportation. H.B. No. 552, H.D. 1, transfers the responsibilities of the Commission and the Aloha Tower Development Corporation to HCDA. In addition, your Committee further amended this bill by:

- (1) Increasing the number of voting members who represent the Kalaeloa Community Development District on HCDA from four to five; and
- (2) Specifying that the fifth voting member be a Hawaiian cultural resource specialist who shall be selected from a list of three nominees recommended by the Department of Hawaiian Home Lands after consultation with Hawaiian civic groups.

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 S.B. No. 1028, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1028, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morita.

SCRep. 970 Human Services and Housing and Health on S.B. No. 927

The purpose of this bill is to allow the Governor to enter into a contract with the Research Corporation of the University of Hawaii (RCUH) to establish a research center and adult day health care program to:

- (1) Assist the frail and elderly;
- (2) Assist individuals of all ages who are physically and mentally disabled;
- (3) Conduct research and data collection; and
- (4) Offer educational programs to teach healthy life habits.

A concerned citizen submitted testimony in support of this measure. The Executive Office on Aging and Healthcare Association of Hawaii supported the intent of this measure with some reservations. RCUH submitted comments.

Your Committees are aware of the increasing concerns for quality health care and educational programs. This measure will provide a wellness and adult day health care center, research, and follow-up testing of participants in efforts to develop programs to change behavior and to effectively keep the frail and elderly independent, as well as provide assistance and education to the physically and mentally disabled.

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 S.B. No. 927, S.D. 1, and recommend 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. 971 Judiciary and Hawaiian Affairs on S.B. No. 1101

The purpose of this bill is to authorize the Department of Hawaiian Home Lands (DHHL) to require that homestead lessees use private financing to reimburse DHHL for any advances made by DHHL. This bill applies only in those cases where the lessee obtained the 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 DHHL; or
- (3) The surrender of a lease by the prior lessee.

DHHL submitted testimony in support of the bill.

Presently, advances made by DHHL are funded through the Hawaiian home loan fund or general loan funds. Your Committee finds that this bill will have a positive effect upon the financial solvency of both funds.

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 S.B. No. 1101 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. 972 Judiciary and Hawaiian Affairs on S.B. No. 1195

The purpose of this bill is to expand Hawaii's taxpayer confidentiality privilege to conform with Section 7525 of the Internal Revenue Code (IRC).

The scope of the attorney-client privilege under Section 7525 of the IRC includes all "tax advice." Pursuant to Act 174, Session Laws Hawaii 2000, Hawaii adopted Section 7525, but only as it applies to communications relating to the state income tax. Your Committee believes that this bill is necessary to apply the principles of Section 7525 to all taxes administered by the State.

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 S.B. No. 1195, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 973 Judiciary and Hawaiian Affairs on S.B. No. 1406

The purpose of this bill is to rename "Admission Day" to "Statehood Day" under the State Holiday Law, Chapter 8, Hawaii Revised Statutes.

The University of Hawaii testified in support of this measure.

Your Committee finds that the day Hawaii was admitted as a state of the Union is celebrated annually as Admission Day. However, it seems that many of our citizens are not aware of the reason for this name. Admission offices in schools, colleges, and hospitals continually receive inquiries concerning the nature of the holiday.

Your Committee also finds that other states commonly refer to this holiday as "Statehood Day", a name which clearly conveys the nature of the holiday and the purpose of its observance and celebration.

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 S.B. No. 1406 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. 974 Judiciary and Hawaiian Affairs on S.B. No. 1414

The purpose of this bill is to ensure Hawaii's continued participation in the development of uniform legislation by appropriating funds for the following:

- (1) Hawaii's annual contribution to the costs of the National Conference of Commissioners on Uniform State Laws (NCCUSL); and
- (2) The registration and travel expenses for the department of the attorney general to attend the NCCUSL.

The Commission to Promote Uniform Legislation submitted testimony in support.

In order to facilitate further discussion on the necessary level of funding, your Committee has agreed to pass this bill unamended with its present appropriation of \$1.

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 S.B. No. 1414, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 975 Judiciary and Hawaiian Affairs on S.B. No. 72

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.

The Office of Hawaiian Affairs and the Kaho'olawe Island Reserve Commission testified in support of the measure.

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.

Your Committee amended the bill by:

- (1) Deleting section 3 which mandates the transfer of funds from the "rehabilitation trust fund" to the "Kaho'olawe rehabilitation trust fund" since the fund has only been renamed and not re-established; and
- (2) Making technical and nonsubstantive changes 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 S.B. No. 72, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 72, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 976 Judiciary and Hawaiian Affairs on S.B. No. 1460

The purpose of this bill is to change the number of associate judges on the Intermediate Appellate Court (ICA) from three to an undetermined number.

The Judiciary testified in support of this measure.

Over the past five years, an average of 882 new cases each year were filed with the ICA. Under extraordinary procedures, the ICA was able to dispose of more appeals in FY 1997, 1998, and 1999 than were filed and had clearance rates of 156 percent, 139 percent, and 101 percent, respectively, for those years. However, the ICA has not been able to maintain this pace. In FY 2000, the clearance rate for appeals fell to 82 percent.

Attempts to deal with the appellate case load have evolved into procedures and processes that have been viewed as controversial, causing some litigants to question whether the parties are getting due process. For example, a large number of cases were decided by summary disposition orders instead of opinion, and oral argument has become rare.

With these necessary but controversial adaptations, the ICA has barely been able to keep dispositions equal to the filing rate.

In light of this, your Committee believes that if the State is to maintain an effective appellate justice system that disposes of cases in a timely manner and provides litigants with a fair hearing process, the number of ICA judges must be increased.

Your Committee has amended this bill by increasing the number of ICA associate judges from three to five, and making technical, nonsubstantive amendments for purposes of clarity, style, and conformity. As amended, this bill will allow the Judiciary to begin the process of recruiting two new judges for the ICA. It is the intent of your Committee that no new additional funds be provided for this purpose for fiscal year 2001-2002.

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 S.B. No. 1460, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1460, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 977 Agriculture on S.B. No. 1400

The purpose of this bill is to increase the loan ceiling amounts from \$400,000 to \$600,000 for both farm ownership and improvement loans and farm operating loans UNDER THE Agricultural Loan Program (Program).

The Department of Agriculture, Meadow Gold Dairies, and Pineapple Growers Association of Hawaii supported the intent of the bill.

Your Committee finds that by increasing the ceiling to \$800,000, the Program's flexibility will provide opportunities for those companies requiring more funding than currently offered.

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

- (1) Increasing the ceiling on class A and C state farm loans to \$800,000; and
- (2) Making technical, nonsubstantive changes for purposes of clarity, style, 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 S.B. No. 1400, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1400, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Takumi, Halford and Whalen.

SCRep. 978 Transportation on S.B. No. 1514

The purpose of this bill is to reduce the number of accidents relating to driving under the influence of drugs and increase the protection of users of the public highways by:

- (1) Requiring the police to compel drivers to take a blood or urine test, or both, to determine the person's drug content;
- (2) Providing for the admissibility of the person's refusal to take a test in civil or criminal proceedings;
- (3) Expanding the circumstances where proof of financial responsibility is required; and
- (4) Redefining the term "drug" to mean any chemical substance, natural or synthetic, which impairs the person's normal mental faculties or ability to care for the person and guard against casualty.

The Honolulu Police Department and Mothers Against Drunk Driving testified in support of the bill. The Department of the Prosecuting Attorney of the City and County of Honolulu (Prosecuting Attorney) testified in support of the bill and recommended amendments. The Department of Transportation testified in support of the intent of the bill. The Office of the Public Defender and the Pharmaceutical Research and Manufacturers of America testified in opposition to the bill.

In attempting to prudently temper the broad scope of the new definition of "drug," your Committee has amended this measure by:

- (1) Deleting the provision that prohibits a person from raising the defense that the person is legally entitled to use alcohol or any particular drug; 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 Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1514, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1514, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 979 Transportation on S.B. No. 1575

The purpose of this bill is to increase pedestrian safety by:

- (1) Establishing penalties for the first, second, and third or subsequent violation of pedestrian-related laws at \$250, \$500, and \$750, respectively;
- (2) Requiring vehicles to stop for pedestrians under prescribed conditions; and
- (3) Requiring certain action of pedestrians before crossing a roadway, including pointing either hand at a 45 degree angle toward the ground at the point of crossing.

The Honolulu Police Department and an individual testified in support of the bill. The Department of Transportation submitted testimony in support of the intent of the bill.

Your Committee finds that the bill has certain deficiencies in the application of its provision. Accordingly, your Committee has amended this measure by:

- (1) Limiting the penalty to \$100 per infraction;
- (2) Requiring the person who is issued a notice of traffic infraction to provide identification to the officer issuing the notice;
- (3) Requiring the pedestrian to extend either arm straight up toward the sky, in addition to other requirements, before crossing a roadway when there is no traffic control signal or the signal is not in operation; and
- (4) Making other technical, nonsubstantive amendments for purposes of 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 S.B. No. 1575, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1575, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 980 Consumer Protection and Commerce on S.B. No. 900

The purpose of this measure is to provide greater procedural protection to communities in liquor license application proceedings before the county liquor commissions (Commission).

This bill amends the law applicable to liquor license applications that were previously denied, refused, or withdrawn, by:

- (1) Providing that regardless of the circumstances, no application may be granted unless the applicant shows a substantial change in the circumstances causing the previous action on the application;
- (2) Requiring the investigator's report to include evidence, provided by the applicant, of this substantial change;
- (3) Requiring seven days notice of a preliminary hearing on the application be provided to persons submitting a written request for notice; and
- (4) Adding neighborhood board decisions to the factors that may be considered in granting or denying the application.

The bill provides more public access to the report made by investigators concerning the application by:

- (1) Requiring that the Commission furnish a copy of the investigator's report upon written request; and

- (2) Allowing any applicant or protester to challenge an investigator's findings before or at the hearing on the application.

The bill amends the procedures that must be followed in providing notice of a public hearing of an application by:

- (1) Requiring that within seven days of mailing notice, the applicant must file an affidavit that notice was mailed, proof of the mailing, a master list of those required by law to be given notice, and a list of persons actually mailed notice;
- (2) Prohibiting the applicant from including promotional information with the notice;
- (3) Requiring the Commission to make the affidavit and master and mailing lists available to the public upon request; and
- (4) Requiring that at least seven days notice of rehearing be provided by the Commission.

The bill adds public hearing and decision-making procedures by:

- (1) Requiring the Commission to make the list of "protesters" available to the applicant and any protester before the public hearing;
- (2) Prohibiting the applicant from using the list to influence protesters;
- (3) Allowing applicants to amend the list and requiring a Commission ruling on amendments and reason for rulings;
- (4) Providing that the Commission accept all written or oral testimony at the hearing;
- (5) Mandating denial of an application if 40 percent of registered voters or of owners and lessees of record of real estate and shares in cooperative apartments within 500 feet of the premises, file in opposition to the application; and
- (6) Requiring public notice, within 30 days of the public hearing, if the Commission wishes to extend from 15 to 30 days, the deadline for rendering a decision on the application.

The measure also defines "licensed premises," "master list," "majority of owners and lessees of record of real estate," and "majority of owners of record of shares in a cooperative apartment."

Testimony in support of the bill was received from several members of the Waikiki Citizens Patrol and numerous concerned individuals. Several individuals supported the bill and suggested amendments. The Departments of Liquor Control of the counties of Hawaii, Maui, and Kauai, submitted testimony in support of the intent of the bill with proposed amendments. Comments were provided by the Ala Moana/Kakaako Neighborhood Board No. 11 and the City and County of Honolulu Liquor Commission, which also suggested amendments.

Your Committee finds that residents and businesses that may be adversely affected by the granting of a liquor license in their neighborhoods should have a meaningful opportunity for input during the liquor license application process, which should be neutral and unbiased. Your Committee has heard a number of concerned citizens testify that this has not been the case, and they have expressed considerable frustration that the process is not more open to public 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 S.B. No. 900, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 981 Economic Development and Business Concerns on S.B. No. 926

The purpose of this bill is to expand the eligibility requirements to qualify as a "qualified business" to include any business that creates job opportunities within the closed Barbers Point Naval Air Station and designated as an enterprise zone.

The Department of Business, Economic Development, and Tourism opposed 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 S.B. No. 926, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 982 Education on S.B. No. 582

The purpose of this bill is to encourage and develop an entrepreneurial-business oriented teaching program by:

- (1) Requiring the Department of Education (DOE) to establish an academy relating to cyberspace entrepreneurs within the public school system for grades nine through twelve; and
- (2) Appropriating an unspecified amount to fund the program for fiscal year 2001-2002.

DOE testified in opposition to the bill.

Your Committee finds that the entrepreneurial-business approach to learning has proven successful for that certain student population that is motivated by teaching methods executed in a business context. The proposed academy warrants the support of the State in fulfilling its mission to prepare our young people for the challenges of the twenty-first century workforce. Accordingly, your Committee has amended this measure by:

- (1) Appropriating an unspecified amount for fiscal year 2002-2003; 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 582, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 582, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hale, Kahikina and Bukoski.

SCRep. 983 Education on S.B. No. 197

The purpose of this bill is to authorize the Family Court (Court) to notify school administrators when a minor has been adjudicated by the family court to have committed a felony when the court believes that such notice is necessary for the purposes of rehabilitating the minor or protecting students and staff.

The Hawaii State Teachers Association and an individual submitted testimony in support of this bill. The Department of Education and the Judiciary submitted testimony in support of the intent of this bill. The Office of the Public Defender submitted testimony in opposition to this bill. The Office of Youth Services submitted comments on this bill.

Your Committee finds that this bill will allow school administrators to help rehabilitate an adjudicated student and protect the well-being of other students and staff when necessary. Although mindful of the extreme importance of maintaining the confidentiality of juvenile court records, your Committee finds that the safety of students, teachers, and school administrators is of paramount importance. This bill will ensure that students who have been adjudicated of a serious crime will be properly rehabilitated and will further ensure that school officials can properly supervise such juveniles and keep them from being a danger to themselves and others.

Upon further consideration, your Committee has amended this bill by specifying that notice authorization applies to juveniles who have been adjudicated of an offense that would be considered a felony if committed by an adult. Because children under the age of twelve cannot be found to have committed a misdemeanor or felony under state law, this amendment was necessary to allow this bill to be applicable to all minor students.

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 S.B. No. 197, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 197, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Garcia, Hale and Kahikina.

SCRep. 984 Education on S.B. No. 525

The purpose of this bill is to provide individual public schools with a framework for an effective, accountable system to maintain inventories of textbooks. Specifically, the bill gives each school control over the money collected as fees and charges for lost, damage, or destroyed books.

The Department of Education and the Hawaii State Teachers Association testified in support of the measure.

Your Committee finds that allowing each school to keep its own fines will provide an incentive for each school to expedite the collection of fees and the timely replacement of lost and damaged textbooks.

Upon further consideration, your Committee has amended this measure by including "broken" books for consistency with statutory language.

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 S.B. No. 525, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 525, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hale and Kahikina.

SCRep. 985 Education on S.B. No. 530

The purpose of this measure is to provide salary incentives to keep exemplary principals and vice-principals at the school level; and to encourage exemplary principals and vice-principals to accept long-term assignments to hard-to-staff schools, special needs schools, and schools with high teacher turnover.

The Department of Education commented on the measure and the HGEA supported the intent.

Your Committee finds that because of the shortage of principals and vice-principals, incentives are needed to keep them in the public school system. Further, we need to be able to encourage exemplary principals and vice-principals to take on the challenges of special needs schools and schools with high teacher turnovers.

Your Committee has amended this measure by changing the appropriation for fiscal year 2001-2002 to \$1 and the appropriation for fiscal year 2002-2003 to \$1 in:

- (1) section 7;
- (2) section 8;
- (3) section 9; and
- (4) section 12

This is to facilitate further discussion on this measure.

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 S.B. No. 530, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 530, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hale and Kahikina.

SCRep. 986 Education on S.B. No. 535

The purpose of this bill, as received, is to mitigate the risks of lawsuits and the potential for job performance liability by requiring the Department of Education (DOE) to adopt a risk management and related programs for school administrators, teachers, and other school personnel.

The DOE testified in support of this bill.

Your Committee has amended this bill by deleting its entire contents and inserting provisions that clarify that the after-school and weekend programs for children are not "education." This clarification is necessary to prevent the State's A-Plus programs from being sued for issues related to the Felix v. Cayetano consent decree.

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 S.B. No. 535, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 535, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 987 Education on S.B. No. 865

The purpose of the measure is to:

- (1) Amend the powers of the school-to-work executive council by providing that the council may advise the Department of Education on appointing staff and contracts, and may seek federal, state, and private funds;
- (2) Change the school-to-work executive council to an advocacy board for the school-to-work system; and
- (3) Authorize the Department of Education to appoint school-to-work staff.

The Department of Human Services and the Chamber of Commerce of Hawaii supported the measure. The Department of Education supported the intent of the measure.

Your Committee finds that the Hawaii school-to-work system's focus is to prepare students for the workforce of the twenty-first century. School-to-work builds public and private partnerships that link education, the workplace, and the community. Its goal is to empower students to achieve their highest potential as productive members in local, national, and global societies. School-to-work emphasizes the link between academic and specialized skills by providing meaningful work-based learning opportunities.

Your Committee strongly supports the continuation of the school-to-work system in Hawaii's schools to help prepare our children to be successful and productive adults.

Upon further consideration, your Committee deleted section three, which appropriated funds for the school-to-work executive council to further facilitate discussion on this measure.

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 S.B. No. 865, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 865, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 988 Education on S.B. No. 1081

The purpose of this bill, as received, is to authorize the Department of Education (DOE) to collect tuition for nonfunded, supplemental, discretionary, out-of-school time instructional programs.

Your Committee circulated a proposed draft of this bill that amends the New Century Charter School (Charter School) law. This proposed draft:

- (1) Extends the length of time the Board of Education (BOE) has to notify a local school board of a conflict between its implementation plan and statutory requirements from 30 to 60 days;
- (2) Authorizes BOE to issue provisional charters to prospective Charter Schools requiring the fulfillment of statutory requirements prior to the opening of the school;
- (3) Authorizes BOE to determine the opening date of a Charter School;
- (4) Provides that the per-pupil allocation for Charter Schools shall not exceed the average per-pupil expenditure of the previous fiscal year;
- (5) Allows rather than requires Charter Schools with less than 120 students to receive a state subsidy or small school allotment;
- (6) Deletes the requirement that financial support for Charter Schools other than federal funding be no fewer than that of all other public schools;
- (7) Provides that BOE shall adopt guidelines under which Charter Schools shall be reviewed on an annual basis;
- (8) Requires that these guidelines include assurances that Charter Schools meet legal standards for the expenditure of federal funds and are in compliance with federal and state laws;
- (9) Requires BOE to initiate an independent evaluation of each Charter School one year after its establishment and every two years thereafter; and
- (10) Reduces the probationary period under which a Charter School must come into compliance with statewide standards and improve the school's fiscal accountability.

The BOE Chair and Department of Budget and Finance submitted comments on the proposed draft.

Your Committee has amended this bill by deleting its substance and inserting the contents of the proposed draft. Additional technical, nonsubstantive corrections were also made.

Your Committee finds that this bill is necessary to address significant problems with the Charter School law. BOE has encountered significant difficulties in effectively screening prospective Charter Schools as their scope of authority was extremely limited by the Charter School law. Furthermore, there currently exists very limited oversight for Charter Schools, and BOE and DOE have been required by law to divert a proportionally greater amount of funds toward charter schools than regular public schools. This amended bill will fix many of these serious problems with the administration of Charter Schools, and will allow them to fulfill their promise as an important part of educational reform in Hawaii.

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 S.B. No. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1081, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 989 Education on S.B. No. 1211

The purpose of this measure is to authorize a state income tax check-off dedicated to the repair and maintenance of Hawaii's public schools.

The check-off would be deducted from a taxpayer's tax refund of \$2 or more and designated to a public school of the taxpayer's choice.

The Office of the Lieutenant Governor, HSTA, General Contractors Association of Hawaii, HGEA/AFSCME, the Department of Education, and the Department of Accounting and General Services testified in support of the measure. The Department of Taxation did not support the measure. The Department of Budget and Finance commented on the measure.

Your Committee finds that this measure would help alleviate the estimated \$640,000,000 backlog of repair and maintenance. Our children, teachers and administrators deserve the best facilities to work in. Your Committee supports all efforts aimed at addressing this issue.

Upon further consideration, your Committee has amended the bill by using the language of the companion bill HB1666 H.D.2. This amendment would allow schools to receive up to \$8,000 each from two sources—general fund appropriations and from the special fund created by this bill through the tax payer refund check off.

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 S.B. No. 1211, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1211, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 990 Education on S.B. No. 1214

The purpose of this measure is to authorize the Hawaii Teacher Standards Board to develop, implement, and administer a program to support National Board Certification candidates in the public schools. It provides that:

- (1) Funds shall be appropriated for the yearly salary bonuses of \$2,500 to National Board Certified public school teachers for each year their certificate is valid;
- (2) Funds shall be appropriated to provide a \$1,250 forgivable zero interest loan to teachers upon their submission to the superintendent or the superintendent's designee of evidence of the application for National Board Certification; and
- (3) If a teacher is successful in the application the loan will be forgiven and be provided with an additional bonus of \$1,250.

The Office of the Lieutenant Governor, HSTA, and the College of Education at the University of Hawaii supported the measure. The Department of Education and the Hawaii Association of Independent Schools supported the intent.

Your Committee finds that a support program, which rewards excellence from teachers, is needed. The state must recognize those who want to further their education and ability to teach our children by providing rewards and incentives.

Your Committee has amended this measure by changing the language to that of the companion measure, HB1669 HD2. It finds that the companion measure, HB1669 HD2, provides more of an incentive for teachers to become nationally certified. As amended:

- (1) The national board certification candidate support program shall provide candidate support by reimbursement of candidate application fees;
- (2) Funds shall be appropriated to provide salary bonuses of \$5,000, instead of \$2,500, to national board-certified public school teachers for each year their certificate is valid.

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 S.B. No. 1214, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1214, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 991 Education on S.B. No. 1362

The purpose of this measure is to:

- (1) Appropriate funds to increase the base allocations of coaches who are employed by the Department of Education in a teaching capacity by one hundred percent and by fifty per cent for coaches who are not employed by the department in a teaching capacity; and
- (2) Require that the allocation increase is commensurate with the percentage increase collectively bargained for teachers.

The Athletic Directors and Coaches Association supported the bill. The Department of Education supported the intent of the bill.

Your Committee recognizes that 1990 was the last time that any raise in compensation was awarded to coaches. Your Committee believes that it is time to ensure adequate compensation for Department of Education coaches.

Your Committee has amended this measure by changing the appropriation to \$1 to further facilitate 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 S.B. No. 1362, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1362, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 992 Education on S.B. No. 1577

The purpose of this measure is:

- (1) To create the state educational facilities repair and maintenance special fund; and

- (2) To create the school physical plant operations and maintenance special fund for school repair and maintenance projects.

The Building Industry Association and the General Contractors Association of Hawaii supported the measure. The Department of Education supported the intent and the Department of Accounting and General Services commented on the measure.

Your Committee recognizes that Hawaii schools need a system for managing repair and maintenance in order to plan for future operations and prevent a repeat of the current situation of deteriorating facilities and the \$600,000,000 backlog.

Your Committee has amended the measure by adding:

- (1) That a school can be recommended to be demolished if the cost of the repairs do not justify the adjust life and/ or emaining life of the facility; and
- (2) That the comptroller shall develop a strategy for the efficient and cost-effective use of government and private-sector workforces and consider increased flexibility through requests for proposals.

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 S.B. No. 1577, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1577, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 993 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on S.B. No. 940

The purpose of this bill is to more clearly set forth the rights and obligations of mutual benefit societies and health maintenance organizations with regard to the health coverage of individuals who may have a third-party claim for recovery of damages. Specifically, the measure provides that refusing to provide, or limiting health coverage to persons that may have third-party claims for damages, is an unfair insurance practice under article 13 of the Insurance Code.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs, Consumer Lawyers of Hawaii, and a concerned individual. A private individual provided comments. Testimony in opposition was submitted by AT&T, the Hawaii Business Roundtable, AlohaCare, Kapiolani HealthHawaii, Straub Health Plan Services, Inc., Queen's Health Plans, Hawaii Medical Service Association, Outrigger Hotels & Resorts, the Ohana Hotel Group, and Hawaii Business Health Council.

This bill amends statutory provisions enacted in Act 29, Session Laws of Hawaii 2000, which intended to comprehensively govern health insurer rights and obligations with regard to covered individuals with third party claims. Your Committees note that the purpose of Act 29 was to protect consumers that have a potential third party claim from being refused coverage, or from having their coverage limited because of the potential claim. At the same time, the intent of Act 29 was to avoid windfall recoveries to the consumer by providing affected health insurers with reimbursement rights under section 663-10, Hawaii Revised Statutes (HRS).

Your Committees heard concerns that this bill would make it impossible for insurers to exercise their reimbursement rights through investigation of the claim and the filing of a timely notice of lien against the judgment. There were concerns that the bill removes any incentive plaintiffs and their attorneys would have to provide health insurers with timely and complete information about a third-party claim, and increases their ability to "double dip" into the insurance recovery pool.

Upon consideration, your Committees have amended this measure as suggested by the interested parties. The amendments made by your Committees:

- (1) Provide that an individual with a third-party claim may be required to provide timely notice of the claim to a potential lienholder under section 663-10, HRS;
- (2) Allow the parties to agree that reimbursement under section 663-10, HRS, is to be determined by binding arbitration by an arbitrator selected by agreement, or by the court where there is no agreement on the arbitrator;
- (3) Require the court or arbitrator to provide sufficient time and opportunity for discovery or investigation by a lienholder or potential lienholder under section 663-10, HRS; and
- (4) Provide that individuals who refuse to submit timely notice of a third-party claim, third-party recovery of damages, and related information to a lienholder or potential lienholder, has waived rights under sections 663-10 and 431:13-103(a)(10), HRS.

Your Committees have also made technical, nonsubstantive amendments to this bill, which include placing the substance of the parties' amendments in chapter 663, Tort Actions, rather than in article 13, the unfair insurance practices article of the Insurance Code.

Finally, to ensure further discussion of this measure, your Committees have changed its effective date to January 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 S.B. No. 940, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 940, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Souki, Yoshinaga, Meyer, Auwae, Gomes and Whalen.

SCRep. 994 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on S.B. No. 1068

The purpose of this measure is to conform Hawaii's licensing laws to the requirements of the federal Financial Services Modernization Act of 1999, P.L. 106-102, more commonly known as the Gramm-Leach-Bliley Act.

The federal law establishes November 12, 2002, as the date when a majority of the states must have "producer licensing" laws in place that are either uniform or reciprocal to each other. Failure of the states to accomplish this would trigger the formation of the National Association of Registered Agents and Brokers' Licensing Authority to replace state regulatory authority in this area.

This bill adopts the National Association of Insurance Commissioners' Producer Licensing Model Act that was created and approved by that organization in response to the federal mandate.

Your Committees received favorable testimony from the Department of Commerce and Consumer Affairs, First Hawaiian Bank, First Hawaiian Insurance Company, American Council of Life Insurers, Hawaii Independent Insurance Agents Association, and National Association of Insurance and Financial Advisors. State Farm supported the bill with an amendment. The National Association of Independent Insurers commented. Opposition to the bill was submitted by the Hawaii Insurers Council and the Office of Information Practices, which opposed a portion of the bill.

Your Committees find that this bill will provide licensing uniformity that will benefit:

- (1) Insurance consumers, by increasing the number of insurance companies available to serve consumers;
- (2) Insurance agents or "producers," by allowing them to service clients anywhere in the country;
- (3) The State, by allowing Hawaii to retain authority over and centralize licensing regulation; and
- (4) The Insurance industry, by replacing the complex and confusing general agent-subagent/solicitor system.

Your Committees have amended the bill by:

- (1) Exempting insurance company employees performing ministerial duties from insurance producer licensing requirements;
- (2) Amending the definitions of "approved continuing education courses," and "approved course provider";
- (3) Deleting an erroneous reference to chapter 432, Hawaii Revised Statutes, with respect to business entity fees;
- (4) Repealing several insurance licensing sections in the Insurance Code that are superceded by the provisions of the Producer Licensing Model Act;
- (5) Making other conforming amendments to the Insurance Code, by replacing references to the terms "general agent," "agent," "broker," "nonresident broker," "nonresident agent," "subagent," and "solicitor," with the term "producer."

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 S.B. No. 1068, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1068, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 995 Education on S.B. No. 1213

The purpose of this measure is to appropriate funds to develop and establish professional development schools in Hawaii public schools to provide professional training for preservice teachers.

The Office of the Lieutenant Governor, the Department of Education, Hawaii Association of Independent Schools, HSTA, and the Dean of the College of Education at the University of Hawaii supported this measure.

Your Committee recognizes that professional development schools are necessary to train teachers to become more effective in the classroom. It recognizes that students enrolled in these schools where teachers have been trained in professional development perform better in basic subjects and receive more hours of adult attention. The schools district benefits because professional development schools reduce recruiting costs and professional development needs.

Your Committee has amended this measure by changing the appropriations in both fiscal years to \$1 to further facilitate discussion. The measure was also amended to reflect that grants may be awarded for up to a five year period and may be renewable. Nonsubstantive technical changes were also made to help clarify the measure.

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 S.B. No. 1213, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1213, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 996 Education on S.B. No. 1215

The purpose of this measure is to allow the Department of Education to rehire retired teachers in areas, determined by the department, where there is a teacher shortage.

The Office of the Lieutenant Governor, the Department of Education, the Hawaii Association of Independent Schools, HSTA and the Hawaii Business Roundtable supported the measure.

Your Committee finds that this measure will:

- (1) Alleviate the teacher shortage problem; and
- (2) Improve the skills of new teachers because it allows retired teachers to serve as mentors.

Your Committee has amended this measure by making technical nonsubstantive amendments 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 S.B. No. 1215, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1215, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 997 Education on S.B. No. 1315

The purpose of this measure, as received, is to offer an incentive to state teachers to take professional development course work by allowing them a 100% state tax deduction on tuition costs.

Your Committee circulated a proposed draft of this measure that amends the annuity or investment in custodial account law to include the Department of Education. This proposed draft:

- (1) Authorizes the Department of Education to establish custodial accounts for the deposit of annuity payments of employees; and
- (2) Designates the insurance service providers and/ or the custodial service provider offering the annuity or custodial products or the annuity entity maintaining the annuity contracts or custodial accounts on behalf of the employees of the department of education shall bear the cost of administering the plan.

HSTA and the Department of Education testified in support of the proposed draft. The Senior Vice President for Administration at the University of Hawaii supported the intent of the proposed draft.

Your Committee finds that this measure is necessary for the department to be in compliance under Internal Revenue Code requirements—requiring that the department must provide universal eligibility and extensive program compliance.

Your Committee has amended this measure by deleting the substance and inserting the contents of the proposed draft.

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 S.B. No. 1315, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1315, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Kahikina.

SCRep. 998 Education on S.B. No. 1385

The purpose of this measure is to implement certain recommendations of the Auditor with respect to inequities in the salary structure of educational officers by requiring the Board of Education to adopt a classification and compensation structure that more accurately reflects the level of work being performed.

The State Auditor testified in support of this measure. The HGEA opposed this measure.

Your Committee finds that the recommendations of the State Auditor in the Comparison Study of the Salary Structure of Educational Officers in the Department of Education, Report No. 00-13, need to be implemented. The inconsistencies and irregularities of classification and compensation of educational officers need to be addressed.

To further expedite the classification study and implementation, your Committee has amended this measure by requiring that the board of education adopt a classification and compensation structure for educational officers that more accurately reflects the level of work being performed twenty days before the 2002 legislative session.

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 S.B. No. 1385, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1385, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hale, Kahikina and Bukoski.

SCRep. 999 Tourism and Culture on S.B. No. 274

The purpose of this bill is to:

- (1) Require the Hawaii Tourism Authority (HTA) to establish a registry of groups of Hawaii residents who travel to out-of-state destinations to promote and market Hawaii as a tourist destination; and
- (2) Authorize the HTA to enter into agreements with and award grants to these groups.

HTA testified in support of this bill.

Your Committee finds that establishing a tourism registry to promote and market the State Hawaii would enhance the State's marketing efforts by taking a community approach to promote Hawaii as a visitor destination.

Your Committee has amended this bill by:

- (1) Deleting the exemption from the Hawaii Public Procurement Code for any agreement that does not exceed \$10,000;
- (2) Allowing HTA to provide funding to groups in the Hawaii Tourism Agency in accordance with standards adopted by HTA under chapter 91, Hawaii Revised Statutes; 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 Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 274, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 274, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Takumi.

SCRep. 1000 Tourism and Culture and Water and Land Use on S.B. No. 1029

The purpose of this bill is to:

- (1) Assign the responsibility to market, operate, manage, and maintain the Hawaii Convention Center Facility to the Hawaii Tourism Authority (HTA) and establish a Hawaii Convention Center Enterprise Special Fund (Enterprise Special Fund);
- (2) Change the composition of the HTA board of directors for a total of 17 members;
- (3) Distribute \$1,000,000 of Transient Accommodations Tax revenues collected to be deposited into the State Parks Special Fund and \$60,000,000 to be deposited into the Tourism Special Fund, with the remaining 64 per cent allocated to the counties, 24 per cent allocated to the Enterprise Special Fund, and the balance allocated to the general fund; and
- (4) Require that HTA provide notice of contracts approved for \$25,000 to the Speaker of the House of Representatives and the President of the Senate.

The Department of Business, Economic Development, and Tourism, Department of Land and Natural Resources, HTA, Hawaii Hotel Association, Outrigger Enterprises, Inc., Trust for Public Land, Sierra Club, Hawaii Chapter, Waikiki Improvement Association, Retail Merchants of Hawaii, Hawaii Attractions Association, and one concerned citizen testified in support of the intent of this bill.

The Hawaii Hotel Association and Maui Hotel Association opposed this bill. The Tax Foundation of Hawaii submitted comments on this bill.

Your Committees have amended this bill by deleting its contents and inserting the substantive provisions of H.B. No. 269, H.D. 1, a similar bill that passed Third Reading earlier this session. As amended this bill:

- (1) Establishes the Convention Center Facility Reserve Special Fund;
- (2) Changes the composition of HTA board of directors for a total of 14 members;
- (3) Requires HTA to support the efforts of other state and county departments or agencies to manage, improve, and protect Hawaii's natural environment and areas frequented by visitors;
- (4) Distributes 17.3 per cent of TAT revenues to be deposited into the Convention Center Facility Reserve Special Fund;
- (5) Specifies that if the amount of TAT revenues deposited into the Tourism Special Fund exceeds the amount appropriated to HTA and DBEDT's Visitor Research Program for fiscal year 2001-2002 and fiscal year 2002-2003, then all revenues collected in excess of that amount is to be expended by HTA with 50 percent to expand, promote, and diversify Hawaii business tourism and 50 percent to invest in Hawaii's natural environment;
- (6) Appropriates an unspecified amount for the Tourism Special Fund; and

(7) Appropriates out of the Enterprise Special Fund, \$42,800,000 for fiscal year 2001-2002 and \$42,400,000 for fiscal year 2002-2003; provided that \$2,000,000 for fiscal year 2001-2002 and \$2,000,000 for fiscal year 2002-2003 shall be deposited into the Convention Center Facility Reserve Special Fund to pay for any future major repair, maintenance, and improvement of the convention center facility.

As affirmed by the records of votes of the members of your Committees on Tourism and Culture and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1029, S.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1029, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1001 Tourism and Culture and Water and Land Use on S.B. No. 1169

The purpose of this bill is to create a link between the cost of maintaining the state park system and its use by visitors by authorizing the State Parks Special Fund (Special Fund) to receive proceeds collected from the Transient Accommodations Tax and legislative appropriations.

The Department of Business, Economic Development, and Tourism, Trust For Public Land, Department of Land and Natural Resources (DLNR), Environmental Center of the University of Hawaii at Manoa, EARTHJUSTICE Legal Defense Fund, and numerous citizens testified in support of this bill.

The Hawaii Tourism Authority supported the intent of this bill. The Hawaii Hotel Association opposed this bill.

Your Committees recognize the nexus between the visitor industry and state park users. Visitors represent over half of our state park users. This bill will help fund needed upgrades, repair, and maintenance of the parks in the State.

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

- (1) Appropriating \$4,000,000 for fiscal year 2001-2002 to DLNR for the purpose of the Special Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, style and consistency.

As affirmed by the records of votes of the members of your Committees on Tourism and Culture and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1169, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1169, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1002 Water and Land Use on S.B. No. 796

The purpose of this bill is to provide immunity from liability for the State and counties and their lifeguards in the operation of beach parks, or in providing lifeguard services except for damages arising out of gross negligence, or any wanton act, or omission of the State, county, or its lifeguards.

The Mayor of Kauai County, Mayor of Hawaii County, County of Hawaii, members of the County Councils from Hawaii, Maui, Kauai, and Honolulu, Kauai Economic Development Board, Hawaiian Lifeguard Association, Kauai Visitors Bureau, and the Kauai Chamber of Commerce testified in support of this measure.

The State Attorney General, Department of Land and Natural Resources, City and County of Honolulu, the Kauai Office of the County Attorney, and others testified in support of the intent of the measure.

Consumer Lawyers of Hawaii (CLH) testified in opposition to this bill.

Your Committee has amended this bill by incorporating changes developed by attorneys from the State, the counties, and the Consumer Lawyers of Hawaii as heard and discussed in H.B. 280, H.D. 1. As amended, the bill provides immunity so that 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.

Your Committee finds that 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 less exposure to an adverse judgment and reduced litigation costs. Most importantly, this would provide a greater incentive to furnish lifeguard services, and increase the likelihood of saving lives.

Your Committee also finds that Act 190, Session Laws of Hawaii (SLH) 1996, established a means for the development of a legally adequate warning system at public beach parks that:

- (1) Increases public safety;
- (2) Reduces ocean-related accidents; and
- (3) Protects 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.

After further consideration, your Committee has amended this bill to repeal 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 S.B. No. 796, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 796, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Morita.

SCRep. 1003 Water and Land Use on S.B. No. 41

The purpose of this bill is to teach Hawaii's youths about the State's unique natural history and to direct them toward careers in conservation by:

- (1) Re-establishing the Youth Conservation Corps (YCC);
- (2) Directing the Department of Land and Natural Resources (DLNR) to use conveyance tax moneys designated for the Natural Area Reserve Fund (Fund) to support YCC; and
- (3) Appropriating an unspecified amount from the Fund for YCC.

DLNR supported the intent of this measure. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Specifying that funding for YCC does not replace the important funding priorities of the Natural Area Partnership, Forest Stewardship, and watershed management programs;
- (2) Inserting \$1 for the purpose of continued discussion; and
- (3) Making technical, nonsubstantive amendments for the purpose of 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 S.B. No. 41, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 41, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1004 Water and Land Use on S.B. No. 48

The purpose of this bill is to provide an exception to the State's public land leasing policies by directing the Department of Land and Natural Resources (DLNR) to extend, by 15 years, the leases of ranchers who were or will be affected by the widening of Saddle Road on the island of Hawaii.

KK Ranch, Inc. testified in support of this measure. Hawaii's Thousand Friends and an individual opposed passage of this bill. DLNR offered comments.

Your Committee finds that the realignment of Saddle Road may affect the habitat of the palila, which thrives in the mamane forests along the upper elevations of Mauna Kea. As a result, the federal government has identified a site that could provide the palila with an alternative habitat.

However, the designated land is currently under long-term state leases to four cattle ranchers. To date, ongoing discussions between DLNR and the ranchers have not resulted in any alternatives that the ranchers believe would fairly compensate them for the withdrawn lands. Alternatives have included the provisions of section 171-37(3), Hawaii Revised Statutes, which specifies reduced rents and compensation for the loss of permanent improvements.

Your Committee finds that providing a statutory exception to state land leasing policies is not an appropriate solution to this problem. Therefore, your Committee has amended this bill by deleting its substance and inserting provisions that:

- (1) Direct DLNR to expedite discussions with the ranchers and to consider all means to fairly compensate them for the withdrawn lands; and

- (2) Require DLNR to submit a report on the result of the discussions to the Legislature.

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 S.B. No. 48, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 48, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1005 Water and Land Use on S.B. No. 1299

The purpose of this bill is to authorize the county water authorities to access, impose, levy, and collect impact fees for any development involving water supply or service.

The City and County of Honolulu Board of Water Supply, the Maui Department of Water Supply, and the Kauai Department of Water testified in support of this measure.

Your Committee has amended this bill by:

- (1) Amending the definition of "board" or "boards" to include the water commission of each county; 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 Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1299, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1006 Health on S.B. No. 598

The purpose of this bill is to authorize the Department of Health (DOH) to establish a statewide Hawaii Birth Defects Program.

The March of Dimes, Hawaii Medical Association, and various concerned citizens submitted testimony in support of this measure. DOH, Kaiser Permanente, the Hawaii Birth Defects Program, and Hawaii Nurses' Association supported the measure with the amendments proposed in DOH's testimony.

The Christian Science Committee on Publication for Hawaii submitted comments and a request to include a religious accommodation amendment because it felt that by having a birth defects registry, its religious rights would be infringed.

Your Committee finds 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 collected 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.

Although your Committee understands the concerns of the Christian Science Committee on Publication for Hawaii, it does not feel that data collection infringes upon the religious rights of Christian Scientists. Furthermore, DOH assured your Committee that parents may choose not to participate in studies and not include data by submitting a formal request to DOH.

Your Committee has amended this bill based on DOH's recommendations which represents a collaborative effort with interested organizations by:

- (1) Clarifying definitions;
- (2) Requiring provision of information on available services to health care providers rather than directly to families of children with birth defects;
- (3) Eliminating the use by researchers of birth defect information of individuals; and
- (4) Requiring the development of policies and procedures.

In addition, technical, nonsubstantive amendments were 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 S.B. No. 598, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 598, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1007 Health on S.B. No. 735

The purpose of this bill is to increase the total authorized amount of special purpose revenue bonds for EV Community Development Corporation for an intergenerational care center at the Ewa Villages.

Kulama Malama submitted testimony in support of this measure. The Department of Budget and Finance (B&F) supported the intent of this measure but recommended amending the bill so that the bonds authorized can be refunded, at any time economically appropriate, including after the lapse date of the bill.

Your Committee recognizes that the EV Community Development Corporation, a private, nonprofit organization, plans to build a Center for Intergenerational Care (Center) in the Ewa Plains. The Center will provide care to the frail elderly and medically fragile infants and children. The Center is being designed to create a sense of belonging, warmth, and security in a nurturing environment for the individuals it will serve.

An increase in special purpose revenue bond authorization is necessary to fund additional costs for materials, labor, and redesign to accommodate technology-based services.

Your Committee has amended this bill according to B&F recommendations by:

- (1) Allowing for the refund of the authorized bonds at any time economically appropriate including after the lapse date of the bill; 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 735, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 735, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 1008 Health on S.B. No. 1121

The purpose of this bill is to authorize pharmacists and health care providers to sell sterile syringes for the purpose of preventing the transmission of disease.

The Department of Health, the Hawaii Medical Association, Department of Human Services, Drug Policy Forum of Hawaii, and Community Health Outreach Work to Prevent AIDS Project testified in support of this measure.

The Honolulu Police Department and Department of the Prosecuting Attorney of the City and County of Honolulu opposed this measure feeling that the "bridge to treatment" features of the current needle exchange program were weakened by this measure. They also expressed concerns that this measure provides another opportunity for intravenous (IV) drug users to obtain syringes for the use of illicit drugs.

While your Committee is sympathetic to the concerns raised, the health implications of this measure far outweigh the concerns. Your Committee realizes the sharing of needles by 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.

Your Committee had concerns regarding the public health implications of the disposal of used needles and syringes and the impact this would have on the overall health of the community and has amended this bill accordingly by requiring the Director of Health to:

- (1) Develop and implement a system of disposing of used syringes received from the public;
- (2) Develop and implement a system of tracking syringes purchased in accordance with this bill that are exchanged for new syringes under the state Needle Exchange Program; and
- (3) Submit a report to the Legislature on the status of implementing the disposal and tracking system no later than twenty days prior to the convening of the Regular Session of 2002.

Your Committee has also amended this measure by:

- (1) Changing the effective date to July 1, 2002;
- (2) Adding a repeal date of July 1, 2004; 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 S.B. No. 1121, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1121, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 1009 Health on S.B. No. 233

The purpose of this bill is to clarify:

- (1) The practice of chiropractic to include referrals for laboratory tests, physical therapy, and massage therapy;
- (2) Definitions of articulations and manipulative therapies; and
- (3) Titles that chiropractors may use.

The Board of Chiropractic Examiners, Hawaii State Chiropractic Association, the Hawaii Chapter of the American Physical Therapy Association, Massage Therapists Association of Hawaii, Hawaii Nurses Association, various chiropractors, and chiropractic clinics supported this measure.

The Hawaii Medical Association and various physicians submitted testimony in opposition to this measure. These professionals maintained that this bill will expand the scope of practice beyond the capabilities of a chiropractor and may mislead and confuse the healthcare consumer.

The Chamber of Commerce of Hawaii opposed this measure, stating that there would be financial repercussions on businesses in Hawaii. The Hawaii Insurers Council also was opposed to this measure due to the possible medical and financial implications to the community.

Your Committee recognizes that 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.

Furthermore, your Committee understands that this bill will bring the chiropractic practice in line with modern education and training, current national practice standards, and widely accepted national board examinations. It may also help to alleviate some of the healthcare costs faced by the people of Hawaii and allow chiropractors to improve their patient care.

However, your Committee understands the concerns brought forth by the medical community and has, therefore, amended this measure by:

- (1) Clarifying the penalties and violations;
- (2) Changing the effective date to July 1, 2005; 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 S.B. No. 233, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 233, S.D. 2, 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.
(Representatives Yonamine and McDermott voted no.)

SCRep. 1010 Agriculture on S.B. No. 221

The purpose of this bill is to:

- (1) Extend the term of the current board of directors of the Agribusiness Development Corporation (ADC) from July 1, 2001 to July 1, 2005; and
- (2) Appropriate funds to the Department of Agriculture for various agricultural projects.

The Hawaii Farm Bureau Federation, Big Island Farm Bureau, Hawaii Agriculture Research Center, and Sygenta Seeds, Inc., testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date to June 29, 2001; 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 Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 221, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 221, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Takumi, Halford and Whalen.

SCRep. 1011 Judiciary and Hawaiian Affairs on S.B. No. 1296

The purpose of this bill is to amend Hawaii's law regarding the compensation of 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) Giving the court 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; and
- (3) Basing compensation of appointed counsel upon an hourly rate that is equivalent to the hourly rate of court-appointed counsel in the federal district court of Hawaii.

Testimony in support of this bill was submitted by the Judiciary, Office of the Public Defender, Hawaii Association of Criminal Defense Lawyers, and a private citizen. The Department of Budget and Finance commented on the measure.

As received by your Committee, this bill did not specify the maximum allowable fees. Your Committee has amended this bill by inserting the appropriate fee amounts corresponding to the rates of pay provided to court-appointed counsel in the federal district court of the District of Hawaii. In addition, your Committee has made technical, non-substantive amendments 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 S.B. No. 1296, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1296, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1012 Human Services and Housing and Water and Land Use on S.B. No. 1017

The purpose of this bill is to make lessees who abandon eminent domain proceedings by the Housing and Community Development Corporation of Hawaii (HCDCH) solely responsible for costs incurred by a lessor.

HCDCH testified in support of this measure.

Under existing law, HCDCH is authorized to institute eminent domain proceedings to acquire leased fee interests in development tracts within 12 months of the designation of the tract to be acquired. If eminent domain proceedings are not instituted within the 12-month period, HCDCH is liable for certain expenses incurred by the lessor.

This measure removes HCDCH as the "middle person" and places direct responsibility for payment of the lessor's costs upon the lessees.

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 S.B. No. 1017 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, Yonamine, McDermott, Ito, B. Oshiro, Meyer and Thielen.

SCRep. 1013 Human Services and Housing and Water and Land Use on S.B. No. 1018

The purpose of this bill is to reduce the costs for lessees who participate in the Housing and Community Development Corporation of Hawaii's (HCDCH) Land Reform Program (Program) by:

- (1) Assessing lessees for only direct costs that are related to the processing of their condemnation action;
- (2) Requiring that the Fee Simple Residential Revolving Fund (Fund) shall pay for indirect costs incurred by HCDCH in administering the Program; and
- (3) Specifying that lessees' deposits collected shall not be deposited into the Fund but rather into interest bearing accounts.

HCDCH testified in support of this measure.

According to HCDCH, due to the success of the Program, the number of participating lessees has diminished over the years. As a result, the lessees' pro rata share of HCDCH's costs and fees have proportionately increased, thereby making participation in the Program cost prohibitive. This measure would reduce costs to lessees.

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 S.B. No. 1018, S.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine, McDermott, B. Oshiro, Meyer and Thielen.

SCRep. 1014 Human Services and Housing on S.B. No. 1026

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, Special Assistant to the Governor for Housing, and Land Use Research Foundation of Hawaii testified in support of this measure.

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.

Your Committee would like to remind all interested parties that the intent of the purchase of lands and affordable housing ratios are to provide affordable homes and rental units. Your Committee also notes that profits from affordable units should be used to build more affordable homes and rental units. Your Committee acknowledges that the current market condition is not conducive to housing development, but that we should not lose sight of the original intent in the use of these lands.

Your Committee has amended this bill by:

- (1) Including a sunset date of July 1, 2003;
- (2) Clarifying that affordable housing requirements be established and agreed upon by HCDCH and the respective counties; 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 Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1026, S.D. 1, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as S.B. No. 1026, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1015 Human Services and Housing and Health on S.B. No. 1534

The purpose of this bill is to require the State to adopt certain general principles as a matter of state policy to improve long-term care by:

- (1) Reducing fragmentation;
- (2) Creating a consumer-centered system;
- (3) Expanding home and community-based services;
- (4) Promoting personal responsibility; and
- (5) Limiting expenditures.

The Department of Human Services supported this measure. The Department of Health, State Planning Council on Developmental Disabilities, Executive Office on Aging, Policy Advisory Board for Elder Affairs, Disability and Communication Access Board, AARP Hawaii, Coalition for Affordable Long Term Care, and the Hawaii Long Term Care Association submitted testimony supporting the intent of this measure.

Your Committees find that the increasing demand for long-term care in Hawaii needs to be addressed by considering alternative methods of delivering service and reimbursement to providers. Further, the process of providing care should be streamlined.

Your Committees have amended this bill by deleting its contents and inserting the substance of H.B. No. 285, which was reported from your Committees earlier this session. As amended, this bill:

- (1) Requires the Department of Health to conduct a three-part study to determine the best method of establishing a state program of long-term care; and
- (2) Makes appropriations for the study and public briefings throughout the State.

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 S.B. No. 1534, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1534, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1016 Human Services and Housing and Health on S.B. No. 1529

The purpose of this bill is to require any family or household member who knows or has reason to believe that an adult is:

- (1) Unable to obtain medical treatment or care due to mental or physical impairment;
- (2) In need of such treatment or care; and
- (3) In imminent risk of death or serious bodily injury,

to promptly report the matter to the police or Department of Human Services (DHS).

The Honolulu Police Department supported the measure. The Department of the Prosecuting Attorney of the City and County of Honolulu supported the measure with amendments. The Executive Office on Aging and DHS supported the intent of this measure. The Christian Science Committee on Publication for Hawaii submitted comments.

Your Committees recognize the growing concern of frail and elderly adults being neglected and abused. There have been cases where a household or family member failed to report or assist a suffering adult. In some cases, the neglected adults, unable to care for themselves, died. Law enforcement officials are sometimes unable to prosecute due to a loophole in the statute.

While your Committees support this bill with the amendments proposed by the Prosecuting Attorney, your Committee would like to note that sensitivity should be shown in situations where family members who may be suffering a terminal illness or who are near death express the wish that they be left unassisted.

Your Committees have amended this bill by:

- (1) Clarifying that a family or household member should also seek medical treatment or care for the person who is unable to obtain appropriate care; 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 S.B. No. 1529, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.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 Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 1017 Human Services and Housing on S.B. No. 331*

The purpose of this bill is to simplify the public housing eviction process by:

- (1) Requiring that tenants be evicted through the judicial process; and
- (2) Eliminating the termination hearing and administrative appeal process.

Your Committee received testimony from the Housing and Community Development Corporation of Hawaii (HCDCH), Legal Aid Society, the Judiciary, and concerned individuals.

HCDCH recommended amending the bill to strike a balance between the need to address HCDCH's mounting delinquencies from a protracted administrative hearing process and the tenant's need for an accessible due process.

Your Committee finds it necessary to make changes to the public housing eviction process because of pressure on HCDCH from the U.S. Department of Housing and Urban Development (HUD). HUD attributes HCDCH's increasing delinquency amount to the untimeliness of the current eviction process. HUD requires HCDCH to show progress towards a solution to this problem within the next several months.

Your Committee would like to emphasize that while it supports assisting HCDCH to be compliant with HUD requirements, the rights of the tenants should not be neglected. Careful consideration should be taken in changing the policy, as these changes may cause an increase in homelessness should it result in more evictions. Those who are evicted often resort to living with families whose homes are already overcrowded, or living on the beach.

There is concern among tenants and other interested parties that the eviction process is being abused. Your Committee reminded all involved parties that the eviction process is reserved for those who are in severe violation of housing rules or are delinquent in payments. One testifier noted that people are evicted for an easily remedied violation, such as having a pet.

Your Committee has considered all of the concerns and proposed amendments and has amended this bill by deleting its substance and inserting provisions:

- (1) Defining the term "tenant";
- (2) Making amendments to the current hearing process instead of repealing it by:
 - (a) Requiring written notice to the tenant, licensee, or other occupant of the right to inspect and copy the tenant's file; and
 - (b) Requiring that the hearing be conducted by an eviction board, of which one member shall be a tenant;
- (3) Making amendments to the current eviction process to:
 - (a) Require HCDCH to provide the tenant with a written notice of lease termination; and
 - (b) Allow a ten-day period to remedy the grounds of eviction, if they are considered curable;
- (4) Provide for service to HCDCH by special order if the tenant or licensee cannot be served with an order of eviction or writ of possession; and
- (5) Repeal the provisions allowing for an appeal process.

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 S.B. No. 331, S.D. 2, 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 Takai, McDermott and Stonebraker.

*[Note: Reference to HD 1 omitted in Standing Committee Report.]

SCRep. 1018 Energy and Environmental Protection on S.B. No. 484

The purpose of this bill is to authorize special purpose revenue bonds in an amount not to exceed \$25,000,000 to assist Hilo Coast Power Company (HCPC), a division of Brewer Environmental Industries, LLC, to construct a waste-to-energy facility near Hilo.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and from Richard Hill, president of the Hilo Coast Power Company. Testimony in opposition was received from a concerned citizen.

Your Committee has amended this bill by:

- (1) Deleting extraneous language in section 1,
- (2) Making the issuance of said bonds contingent upon the County of Hawaii awarding a contract to HCPC, and
- (3) Making technical, non-substantive amendments for purposes of clarity, consistency, and style.

Your Committee would like to note that by recommending that this measure pass Second Reading it is not conveying to the county any preference in the county's decision making process, including requests for proposals, permitting, or approval.

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 S.B. No. 484, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 484, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1019 Energy and Environmental Protection on S.B. No. 1558

The purpose of this bill is authorize special purpose revenue bonds in an amount not to exceed fifteen million dollars to assist West Hawaii Recovery Systems, LLC, to plan, design, and construct a transfer station and solid waste disposal system in East Hawaii.

Testimony in support of this measure was received from Clyde T. Kaneshiro, Manager of West Hawaii Recovery Systems, LLC.

Your Committee has amended the bill by:

- (1) Deleting extraneous language in section 1,
- (2) Making the issuance of said bonds contingent upon the County of Hawaii awarding a contract to West Hawaii Recovery Systems, LLC, and
- (3) Making technical, non-substantive amendments for purposes of clarity, consistency, and style.

Your Committee would like to note that by recommending that this measure pass Second Reading it is not conveying to the county any preference in the county's decision making process, including requests for proposals, permitting, or approval.

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 S.B. No. 1558, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1558, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1020 Energy and Environmental Protection on S.B. No. 1561

The purpose of this bill is to authorize the issuance of \$5,000,000 in special purpose revenue bonds for Central Kauai Sanitary Landfill, LLC.

Your Committee received testimony in support of this measure from Bob Awana, Managing Partner of Central Kauai Sanitary Landfill, LLC.

The Department of Budget and Finance, and the Attorney General's office, expressed concern over whether this project qualifies as a "processing" enterprise under state and federal law. Your Committee agrees that this issue must be addressed, and requests that in subsequent deliberations the Finance Committee obtain from Central Kauai Sanitary Landfill, LLC, proper assurance that it meets this statutory requirement.

Your Committee has amended the bill by:

- (1) Deleting extraneous language in section 1, and
- (2) Making technical, non-substantive amendments for purposes of clarity, consistency, and style.

Your Committee would like to note that by recommending that this measure pass Second Reading it is not conveying to the county any preference in the county's decision making process, including requests for proposals, permitting, or approval.

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 S.B. No. 1561, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1561, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1021 Energy and Environmental Protection and Water and Land Use on S.B. No. 606

The purpose of this bill is to promote the use of recycled water by allowing 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 Commission on Water Resource Management and the Land Use Research Foundation testified in support of this bill. The Department of Health, Hawaii Water Environment Association, and University of Hawaii Environmental Center urged the Committee to revert the bill to its original language, which made connection to recycled water service mandatory rather than voluntary. In addition, the Department of Health suggested changing the definition of "improved commercial property" to exclude property used for agricultural purposes.

Your Committees have amended this bill by:

- (1) Removing all references to commercial property, so that this bill applies only to state and county facilities; and
- (2) Changing "may" to "shall" in Section 1, mandating the connection to recycled water service.

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 S.B. No. 606, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 606, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1022 Energy and Environmental Protection and Judiciary and Hawaiian Affairs on S.B. No. 1131

The purpose of this bill is to effectively address the disposal of used lead acid batteries and tires by:

- (1) Authorizing the Department of Health (DOH) to take administrative action against violators of the laws regulating the disposal of batteries;
- (2) Allowing retailers to separately list the tire disposal fee and prohibiting the inclusion of overhead expenses in the fee;

(3) Capping the number of used tires stored at a retail collection point before the retailer is required to obtain a permit as a used tire collection facility; and

(4) Allowing annual, rather than quarterly, payment of the motor vehicle tire surcharge on tires imported into the State.

The Environmental Center of the University of Hawaii at Manoa, DOH, and Catrala-Hawaii testified in support of the intent of the bill, with the latter two submitting amendments.

The \$1 motor vehicle tire surcharge is on tires imported into the State, including those tires imported on motor vehicles. A motor vehicle rental company may subtract the number of tires on motor vehicles that are exported from the State when calculating the tire surcharge. These companies ship a large number of their vehicles out of State after limited use.

There are a number of obstacles confronting motor vehicle rental companies in recovering the tire surcharge fee, including the unlikely scenario that the number of vehicles exported equals the vehicles imported in a given quarter. Your Committees find that the requirement that surcharge fees be paid quarterly may be justified for tire importers, but in the case of vehicle rental companies, such a requirement denies them of their intended statutory entitlement.

Accordingly, your Committees have amended this measure to give partial relief to motor vehicle rental companies by reinstating the quarterly payment of the surcharge fee, but allowing motor vehicle rental companies to pay the fee on an annual basis.

Technical, nonsubstantive amendments were also made to this measure for purposes of clarity, style, and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1131, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1131, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1023 Judiciary and Hawaiian Affairs on S.B. No. 423

The purpose of this bill is to amend Hawaii law relating to garnishment by:

- (1) Amending the definition of a government beneficiary to include government vendors; and
- (2) Providing that a party may seek to extend the term of a judgment or decree by filing either a non-hearing or hearing motion.

Testimony in support of this bill was submitted by Maui Collection Service, Inc., Kauai Credit Adjusters, Ltd., Bureau of Medical Economics, Ltd., Credit Associates of Maui, Ltd., Hawaii Financial Services Association, Pacific Board of Trade, Inc., Select Consulting Service, VeriCheck, Collection Agency of Hawaii, Inc., Pacific Collections, Hawaiian Collectors Association, Inc., Credguard Corporation, Asset Recovery Group, Medcah Inc., private practice attorneys, and members of the public.

The Department of Accounting and General Services (DAGS) indicated that the State should not be required to file disclosure statements concerning collection efforts undertaken by third party creditors against government vendors. Accordingly, your Committee has amended this bill by adopting DAGS' recommendation to delete the portions of the bill that authorizes the garnishment of government vendors as government beneficiaries.

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 S.B. No. 423, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 423, S.D. 1, H.D. 1, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representative Thielen voted no.)

SCRep. 1024 Judiciary and Hawaiian Affairs on S.B. No. 905

The purpose of this bill is to enhance the effectiveness of Hawaii's Lobbyist Law.

Testimony in favor of the measure was submitted by the Hawaii State Ethics Commission (Commission), Common Cause Hawaii, and the League of Women Voters of Hawaii.

Your Committee finds that the current method of enforcing the State's lobbyist law has not been effective. Currently, a violation of this law may be prosecuted by the Attorney General (AG) as a petty misdemeanor. Given the workload of AG, infractions of the lobbyist law have not been deemed a priority.

Because a violation of the lobbyist law constitutes a petty misdemeanor, the statute of limitations on prosecution is only one year. Usually, by the time the Commission is made aware of a possible violation, the one-year period has been exhausted.

Furthermore, section 97-6(c), Hawaii Revised Statutes (HRS), currently requires the Commission to convene a contested case hearing in accordance with chapter 91, HRS, whenever the Commission deems it necessary to act upon an alleged violation. Because of this, your Committee asserts that section 97-6.5, HRS, which restates this requirement, is not necessary.

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

- (1) Changing the statute of limitations on investigations from one year to three years;
- (2) Providing that the Commission must convene a contested case and render a decision before levying the fine authorized under section 97-7, HRS;
- (3) Requiring the Commission to deposit fines into the general fund; and
- (4) 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 S.B. No. 905, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 905, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1025 Public Safety and Military Affairs on S.B. No. 1183

The purpose of this measure is to create a Federal Reimbursement Maximization Special Fund under the Department of Public Safety (DPS).

DPS testified in support of this measure.

Your Committee notes that this measure is substantively the same as H.B. No. 708 which was passed by the full House earlier. As before, this measure would provide a useful fiscal tool for DPS in its efforts to efficiently match state dollars to federal grant monies.

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 S.B. No. 1183 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki and Souki.

SCRep. 1026 Public Safety and Military Affairs on S.B. No. 684

The purpose of this measure is to raise the statutory fees that may be charged by sheriffs and police officers for various services, including service of summons and subpoenas.

The Hawaii Deputy Sheriffs Association testified in support of this measure. Numerous individuals offered comments.

Your Committee finds that there are many issues that need to be addressed, including how to determine fair compensation for the various acts, whether an hourly fee should be set in statute, and how this measure would be applied to those serving civil processes who are not deputy sheriffs of the civil section.

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

- (1) Changing the effective date to July 1, 2020, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments the purpose of 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 S.B. No. 684, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 684, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki, Souki and Djou.

SCRep. 1027 Public Safety and Military Affairs on S.B. No. 1530

The purpose of this measure is to extend the sunset provision for the drug demand reduction assessments special fund for 3 years.

Your Committee received testimony in support of this measure from the Department of Health, the Judiciary, and the Prosecutor for the City and County of Honolulu.

Upon further consideration, your Committee has amended this measure by deleting its contents and inserting the contents of H.B. No. 996 which makes the fund permanent.

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 S.B. No. 1530, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1530, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki and Souki.

SCRep. 1028 Water and Land Use on S.B. No. 902

The purpose of this bill is to prohibit the use of Washington Place for events intended to solicit funds, support, or votes for any candidate for political office.

Your Committee finds that this bill parallels the State Ethics Code, which prohibits state employees from taking advantage of their official position to grant unwarranted privileges to themselves or others.

The Hawaii State Ethics Commission, League of Women Voters of Hawaii, Common Cause Hawaii, and Advocates for Consumer Rights 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 S.B. No. 902 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.

SCRep. 1029 Water and Land Use on S.B. No. 1540

The purpose of this bill is to appropriate funds to study the feasibility of creating a scenic lookout and rest area in the area surrounding Round Top.

Your Committee finds that the Round Top Drive area offers a panoramic view of Manoa Valley, the city and the ocean. The view is incomparable during the day and spectacular at night. However, the enormous volume of cars and buses that traverse the winding road and park at the viewing area creates congestion and safety hazards for area residents and visitors.

The Public Utilities Commission and Board of Land and Natural Resources testified in support of this measure.

Your Committee finds that consideration must be given to the safety and traffic congestion problems that presently exist at the current viewing area and requests that the Department of Land and Natural Resources consult with the City and County of Honolulu in the feasibility study.

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 S.B. No. 1540, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 1030 Water and Land Use on S.B. No. 1473

The purpose of this bill is to improve growth and development in Hawaii by establishing:

- (1) A special advisor position for Smart Growth, which shall be served by the Director of Planning; and
- (2) The Smart Growth Advisory 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 work to preserve productive farmlands, open space, important natural areas, and yield better solutions for roadways and housing.

The Department of Business, Economic Development, and Tourism, Sierra Club, Hawaii's Thousand Friends and several concerned citizens testified in support of the measure. The University of Hawaii Environmental Center supports the intent of the bill and offered comments. The Land Use Research Foundation of Hawaii and Campbell Estate opposed the measure.

Your Committee notes that in a previous draft of this bill, the sum of \$100,000 (primarily for advisory council travel expenses) was requested for each year of the forthcoming biennium.

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 S.B. No. 1473, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito.
(Representatives Bukoski and Meyer voted no.)

SCRep. 1031 Water and Land Use on S.B. No. 633

The purpose of this bill is to appropriate an unspecified sum to match federal funds for the Hawaii Forestry and Communities Initiative (HFCI).

Testimony in support of the bill was received from the Department of Hawaiian Home Lands, Department of Agriculture, Department of Land and Natural Resources, Hawaii Forest Industry Association, Hawaii Society of American Foresters, Hawaii Agriculture Research Center, and College of Tropical Agriculture and Human Resources of the University of Hawaii.

Your Committee finds that HFCI was formed in April 1997, to coordinate the State's mission to diversify Hawaii's economy with sustainable forest practices through public and private partnerships, job training, and capacity building projects. Over 40 state departments, agencies, and other organizations participate in HFCI. Since 1995, over 65,000 acres statewide have been publicly committed to commercial forestry, reflecting the efforts of the State to encourage forestry as a rural land use alternative. Forestry is an agricultural crop that has real economic potential. A 1993 report estimated that 600 acres of native trees from renewable forests result in a value of production totaling about \$29,000,000.

Although \$1,250,000 has been granted the State and HFCI since 1997, only \$350,000 has been appropriated by the Legislature over the same period to match it. The appropriation will be matched by the USDA Forest Service, and, by cash and in-kind contributions from the private sector. This infusion of funds will diversify and strengthen the state's economy by expanding the forest industry.

Your Committee has amended this measure by inserting the appropriation amount of \$200,000.

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 S.B. No. 633, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 633, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morita.

SCRep. 1032 Water and Land Use on S.B. No. 1030

The purpose of this bill is to permit the Hawaii Community Development Authority to issue special facility revenue bonds for eligible projects, including an ocean science center, in the Kakaako community development district.

Your Committee received testimony in support of this bill from the Department of Budget and Finance, the Hawaii Community Development Authority, Ocean Science Center of the Pacific, the Hawaii Tourism Authority, the Department of Business, Economic Development and Tourism, the Waikiki Aquarium, the Iron Workers Stabilization Fund, and Bishop Museum. No testimony was received in opposition to this bill.

Your Committee finds the proposed center promises to be a world-class scientific and education venue for our children and a new gathering place for residents and visitors. To build such a facility, the project will require a mix of financing to include general obligation bonds, private donations, and the use of special facility revenue bonds.

Your Committee has amended this bill by deleting its substance and inserting the substance of H.B. No. 554 H.D.1, a similar bill that was previously heard by your Committee on Water and Land Use.

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 S.B. No. 1030, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1030, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1033 Agriculture on S.B. No. 45

The purpose of this bill is to:

- (1) Amend the definition of farming operation to include silviculture; and
- (2) Permit a finding that farming operations are not nuisances so long as they comply with generally accepted agricultural management practices; and
- (3) Establish a rebuttable presumption that a farming operation does not constitute a nuisance.

The Department of Agriculture, Pineapple Growers Association of Hawaii, Hawaii Farm Bureau Federation, Hawaiian Fresh Egg Farm, Hawaii Agriculture Research Center, Forest Industry Association, and Hawaii Egg Producers Cooperative testified in support of this bill. Maui County Farm Bureau, Big Island Farm Bureau, and Hawaii's Thousand Friends submitted comments on this bill.

Your Committee finds that the continuing intrusion of urban development into areas previously used for farming and ranching have caused farmers and ranchers undue hardships from frivolous nuisance complaints which threaten their productivity, and overall growth and survival of Hawaii's agriculture industry. This bill will implement a strong policy upon which farming operations can thrive.

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 S.B. No. 45, S.D. 1, 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 Ahu Isa, Takumi, Halford and Whalen.

SCRep. 1034 Agriculture on S.B. No. 640

The purpose of this bill is to criminalize and create civil liability for the destruction of crops.

Testimony in support of this measure was submitted by the Department of Agriculture, College of Tropical Agriculture and Human Resources at the University of Hawaii, Hawaiian Alliance for Responsible Technology & Science, Hawaii Farm Bureau Federation, Pineapple Growers Association of Hawaii, Hawaii Agriculture Research Center, Hawaii Crop Improvement Association, and Hawaii Forest Industry Association.

Your Committee finds that in recent years, farmers and researchers have been victimized by individuals who profess opposition to agricultural biotechnology by deliberately destroying agricultural research facilities. Your Committee further finds that imposing civil liability for crop destruction is a deterrent that may have a stronger impact than criminal penalties.

Your Committee has amended this bill by deleting its contents and inserting the provisions of H.B. No. 365, H.D.2, which is a similar bill which passed the House earlier this session. As amended, this bill establishes civil liability against persons who intentionally damage any crop, including silvicultural crops or agricultural commodities known to be part of a product development program.

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 S.B. No. 640, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 640, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ahu Isa, Takumi, Halford and Whalen.

SCRep. 1035 Water and Land Use and Agriculture on S.B. No. 623

The purpose of this measure is to waive the public auction requirement to enable deserving agricultural lessees who meet stipulated criteria in the bill to negotiate lease renewals with the Board of Land and Natural Resources. These criteria include:

- (1) The lease has expired or will expire within five years. This shall include lease lands held under a revocable permit issued pursuant to section 171-55;
- (2) The board has determined that:
 - (A) After following a reasonable process of advertising and solicitation, there are no other qualified bidders interested in submitting bids on the land; or
 - (B) There are other substantially comparable lands available for lease to interested and qualified bidders;
- (3) The land is being actively and productively used for the purpose stated in the lease and at least half of the leased land shall be cultivated or in productive use, or the gross farm revenue from the leased land for each of the prior three years shall have been equal to or greater than three times the annual lease rent;
- (4) The current lessee is not otherwise in default under the terms of the or permit; and
- (5) The land should not be converted to other uses and should remain in agriculture.

Lease extensions granted under this bill shall be for periods of not less than ten years and not more than twenty years. Lease rent shall be based on fair market value and shall not consider the value of the improvements made to the land by the current lessee.

Supporting testimony was received from the Hawaii Farm Bureau Federation, the Hawaii Forest Industry Association, and the Hawaii Export Nurseryman Association.

The Department of Land and Natural Resources, Hawaii Audubon Society, Hawaii's Thousand Friends, Ahahui Malama I Ka Lokahi, and the Ocean Law & Policy Institute opposed this bill.

Your Committees believe that deserving farmers on designated public farm lands should be given the opportunity to renew their leases through negotiation, rather than public auction, particularly when other nearby farm lands of similar characteristics are available.

Accordingly, your Committees have replaced the entire contents of this measure with that of H.B. 503, H.D. 2.

H.B. 503, H.D. 2, provides for a lessee to petition for lease renewal through direct negotiation and for the board to consider the following criteria:

- (1) There is clear evidence that the leased land is and has been well-utilized by the lessee for agricultural purposes;

- (2) Agricultural production through sales or tax documents indicate that the agricultural operation is and has been viable;
- (3) 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 in constructing similar infrastructure improvements to achieve equivalent agricultural production results; and
- (4) 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.

H.B. 503, H.D. 1 also requires:

- (A) A public notice in the county that the leased property is located inviting comments in support or opposition to the lease renewal application;
- (B) Legislative notification, legislative review, and legislative disapproval;
- (C) The Departments of Land and Natural Resources and Agriculture to identify all agricultural leases that will expire prior to July 1, 2011;
- (D) Determine the availability of farmlands with appropriate infrastructure;
- (E) Ascertain the projected need for agricultural lands; and
- (F) Determine the ability of the state to meet the projected need.

It is the intent of your Committees to begin immediate deliberation on both House and Senate versions by designating selected members to confer with all stake holders and to develop agreement, or at least a consensus towards the resolution of this longstanding, controversial issue.

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 S.B. No. 623, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 623, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morita, B. Oshiro, Bukoski, Case and Whalen.
(Representatives Schatz, Jaffe and Thielen voted no.)

SCRep. 1036 Labor and Public Employment on S.B. No. 244

The purpose of this bill is to extend long-term care insurance to a public sector employee's children, siblings, and siblings' spouses.

The Hawaii Public Employees Health Fund Board of Trustees opposed this measure.

Your Committee believes that the Legislature should not prohibit the provision of long-term care insurance to more members of a public employee's family, if they wish to purchase such insurance at their own cost.

For purposes of further discussion, your Committee has left the effective date of July 1, 2050.

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 S.B. No. 244, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Health.

Signed by all members of the Committee except Representative Souki.

SCRep. 1037 Labor and Public Employment on S.B. No. 1146

The purpose of this bill is to clarify the regulatory framework governing the hoisting machine operator profession by:

- (1) Placing the Hoisting Machine Operators Advisory Board (Board) in the Department of Labor and Industrial Relations (DLIR) for administrative purposes;
- (2) Authorizing the Board to hire a part-time executive director who shall be exempt from civil service and collective bargaining laws; and
- (3) Appropriating funds to carry out this purpose.

DLIR testified in support of this measure.

Your Committee finds that this measure will eliminate any constitutional issues by placing the Board within DLIR. In addition, your Committee finds that this measure will enable the Board to regulate hoisting machine operators more effectively.

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 S.B. No. 1146 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 1038 Labor and Public Employment on S.B. No. 1151

The purpose of this bill is to transfer from the Hawaii State Occupational Information Coordination Committee (HSOICC) to the Workforce Development Council (WDC) of the Department of Labor and Industrial Relations (DLIR) the responsibility for the Occupational and Career Information System.

DLIR and the Department of Human Services testified in support of this bill.

Your Committee finds that HSOICC is in the last stages of being phased out and its functions are now being carried out by the WDC. The WDC is a 31 member partnership body that is a part of the DLIR.

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 S.B. No. 1151 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 1039 Labor and Public Employment on S.B. No. 1115

The purpose of this bill is to:

- (1) Clarify the intent of Act 253, Session Laws of Hawaii, 2000, by repealing several provisions that were inadvertently not repealed in Act 253, to reduce unnecessary rule making by making technical, nonsubstantive corrections;
- (2) Establish the Human Resources Development Special Fund (Fund) to support the Department of Human Resources Development's (DHRD) entrepreneurial initiatives, training activities, and programs;
- (3) Deposit into the Fund all revenues by DHRD as a result of entrepreneurial efforts, participant fees, appropriations by the Legislature, or from any other source; and
- (4) Designate and authorize \$600,000 for fiscal year 2001-2002 for purposes of the Fund.

DHRD testified in support of 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 S.B. No. 1115, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.
(Representative Moses voted no.)

SCRep. 1040 Labor and Public Employment on S.B. No. 1039

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 the workforce reduction provisions in Act 253, Session Laws of Hawaii, 2000.

The Employees' Retirement System Board of Trustees testified in support of this bill.

This bill will require that any retiree who received the special retirement incentive benefit under Act 253, Session Laws of Hawaii 2000, and is re-employed by the state or county in any capacity shall:

- (1) Have their retirement allowance suspended;
- (2) Forfeit the special retirement incentive benefit and any other related benefit provided by chapter 88, Hawaii Revised Statutes; and
- (3) Be subject to the age and service requirements under section 88-73, Hawaii Revised Statutes, when the member again retires.

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 S.B. No. 1039 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 1041 Labor and Public Employment on S.B. No. 1040

The purpose of this bill is to clarify that there are four different retirement options in the noncontributory plan offered by the Employees' Retirement System.

The Board of Trustees of the Employees' Retirement System supported the bill.

Your Committee finds that this clarification will help state retirees understand what option they are choosing and what each option accomplishes in terms of a retiree's financial goals and plans.

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 S.B. No. 1040, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 1042 Labor and Public Employment on S.B. No. 23

The purpose of this bill is to allow the Governor and mayors of the counties to grant an employee who, is a certified American Red Cross disaster volunteer, an unspecified number of days of paid leave to perform disaster relief services for the American Red Cross.

Testimony in support of this measure was received from the Hawaii Government Employees Association, Hawaii Nurses' Association, and American Red Cross.

Your Committee finds that the State's recovery in the event of a major disaster is dependent on the number of trained persons willing and able to perform disaster relief services over the weeks that such services are needed. Cost is a major factor, especially for those who in volunteering their services, forgo their regular income.

This measure recognizes that disaster relief services provided by volunteers are necessary for the welfare of the community, and should be supported by public funds. However, your Committee also recognizes that the appropriate level of support should be considered, and has thus amended this bill to provide that employees granted leaves of absence to perform disaster relief services will be paid at half their regular rates of pay.

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 S.B. No. 23, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 23, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 1043 Labor and Public Employment on S.B. No. 733

The purpose of this bill is to fix the employer assessment rate for the employment and training fund at .05 per cent of taxable wages as of January 1, 2002.

Your Committee finds that training the workforce to keep up skills and develop new ones helps keep Hawaii's employed at the cutting edge of their chosen professions and occupations. Furthermore, your Committee finds that small businesses which generally cannot afford training costs have accessed the employment and training fund to their advantage. In the 21st century, workers cannot compete effectively if they maintain only their original skills. Technological advances require retraining. New demands in health care and personal services are changing due to the aging of the "baby boomer" generation. Consumers are also becoming more sophisticated and expectations are being revised.

Your Committee has amended this bill by:

- (1) Changing the assessment rate to 0.01 per cent; and
- (2) Requiring employers to contribute up to fifty per cent of the cost of programs of the employment and training fund, thereby changing the permissive sharing of costs to a mandatory contribution. Your Committee finds that this will help to offset the effects of lowering of the employer assessment rate.

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 S.B. No. 733, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 733, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 1044 Labor and Public Employment on S.B. No. 448

The purpose of this bill is to provide persons who are employed in homes as domestics, with the right to file a complaint with the Hawaii Civil Rights Commission under Hawaii's employment discrimination laws when they are subjected to sexual or racial harassment, and other types of employment discrimination.

Testimony in support of this bill was submitted by the Hawaii State Commission on the Status of Women, ILWU, American Friends Service Committee, Hawaii Civil Rights Commission, and National Employment Lawyers Association.

Your Committee finds that this bill will protect some of the most vulnerable members of our community and provide them with the same protection against discrimination enjoyed by all other workers under state law.

Your Committee has amended this measure to allow further discussion, by changing its 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 S.B. No. 448, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 448, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Souki.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 1045 Judiciary and Hawaiian Affairs on S.B. No. 951

The purpose of this bill is to address the incidence of hate crimes in Hawaii by:

- (1) Establishing extended sentencing penalties for criminal offenders who engage in hate crimes;
- (2) Providing a reporting mechanism to compile, track, and analyze hate crimes data; and
- (3) Setting forth a defective date of enactment for purposes of providing further discussion this legislative session.

The Hawaii Civil Rights Commission, Hawaii State Commission on the Status of Women, Japanese American Citizens League, American Civil Liberties Union, Civil Unions-Civil Rights Movement, Hawaii Hate Crimes Task Force, Anti-Violence Project, and members of the public testified in support of this measure.

The Department of the Attorney General, Office of the Public Defender, Maui Prosecuting Attorney, Honolulu Police Department, Hawaii County Police Department, Christian Voice of Hawaii, a member of the Graduate Student Organization Court at the University of Hawaii, and members of the public testified in opposition to this measure.

The Office of Information Practices submitted comments on the measure.

In response to the testimony of the Department of the Attorney General, your Committee has amended this bill by:

- (1) Revising the bias categories to conform with those currently used by the U.S. Attorney General and the Federal Bureau of Investigation pursuant to the Hate Crime Statistics Act of 1990. The current categories are race, religion, disability, ethnicity, national origin, and sexual orientation; and
- (2) Changing the effective date to effective upon its approval.

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 S.B. No. 951, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 951, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representative Whalen voted no.)

SCRep. 1046 Higher Education and Education on S.B. No. 1216

The purpose of this bill is to establish the Hawaii Educator Loan Program (Program) and a special fund to be administered by the University of Hawaii (UH).

The Program would allow UH to make loans to financially needy students who complete a teacher education program approved by the Department of Education (DOE) and who agree to teach in Hawaii's public schools.

The Office of the Lieutenant Governor, UH, DOE, Hawaii State Teachers Association, and an individual submitted testimony in support of this bill. The Department of Budget and Finance submitted testimony in opposition to this bill.

Your Committees find that this bill will create financial incentives for education students to pursue a teaching career in the Hawaii public school system. With the current teacher shortage, Hawaii needs a more consistent teacher pipeline. This bill will encourage more students to pursue teaching and more graduates of the UH teacher education program to remain in Hawaii.

Your Committees have amended this bill by clarifying that loan recipients must be enrolled in state-approved teacher education programs rather than DOE-approved programs. This amendment was made because the responsibility for approving such programs may soon no longer reside with DOE.

Other technical, nonsubstantive amendments have been made for 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 S.B. No. 1216, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1216, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Garcia and McDermott.

SCRep. 1047 Human Services and Housing on S.B. No. 1325

The purpose of this bill is to increase the percentage of conveyance tax moneys collected that are paid into the Rental Housing Trust Fund (RHTF) to fund various homeless assistance programs from 12.5 to 25 percent.

The Housing and Community Development Corporation of Hawaii, Institute for Human Services, Inc., Catholic Charities Elderly Services, Rental Housing Trust Fund Advisory Commission, Special Assistant to the Governor for Housing, and Hawaii Catholic Conference testified in support of the measure. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that funding for the Homeless Assistance Program (HAP) will be discontinued at the end of this fiscal year. HAP assists over 800 women and family members each year. If funding is not provided, many of these individuals may be homeless.

In addition, thousands of individuals will lose their welfare benefits at the end of this year. HAP requires a dedicated source of funding to continue its current operations as well as prepare for an increase in the number of individuals seeking assistance.

This bill has been amended by deleting its substance and inserting provisions that reallocate the distribution conveyance tax revenues as follows:

- (1) 20 percent to RHTF;
- (2) 15 percent to HCDCH's HAP; and
- (3) 20 percent to the National Area Reserve 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 S.B. No. 1325, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1325, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 1048 Human Services and Housing and Higher Education on S.B. No. 1236

The purpose of this bill is to:

- (1) Establish the Data and Research Office for Children and Families (DROCF) within the Center on the Family at the University of Hawaii at Manoa (UH); and
- (2) Appropriate funds for the establishment of DROCF.

The Hawaii Performance Partnerships Board (HPPB), Good Beginnings Alliance, Hawaii Women's Political Caucus, and Hawaii Kids Watch submitted testimony in support of this measure. The Special Assistant on Children and Families in the Office of the Governor supported the intent of this measure.

UH, the Department of Human Services (DHS), Hawaii State Commission on the Status of Women, and concerned citizens supported this measure with the proposed amendment to include an appropriation for the Bridge-to-Hope Program (BTH).

Your Committees find that establishing DROCF is crucial in collecting data and making it available to fulfill the needs of Hawaii's citizens. The use of data allows communities to take steps to improve programs and the community as a whole.

Overwhelming testimony was submitted supporting an amendment to include the BTH Program within this measure, and designating HPPB, in place of a newly established office, to conduct research on key indicators and data sets relevant to the health, education, and socioeconomic well-being of Hawaii's children and families.

Accordingly, your Committees have amended this bill by:

- (1) Providing for a BTH staff position from funds designated by Act 276, Session Laws of Hawaii 2000;
- (2) Appropriating \$1 for BTH for fiscal year 2002-2003, which would include one position;
- (3) Designating the Office of the Governor, instead of UH, as the expending agency for the DROCF appropriation; and
- (4) 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 S.B. No. 1236, as amended herein, and

recommend that it pass Second Reading in the form attached hereto as S.B. No. 1236, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1049 Energy and Environmental Protection on S.B. No. 1137

The purpose of this measure is to:

- (1) Establish criminal penalties for the abandonment of hazardous waste or used oil; and
- (2) Clarify and strengthen criminal penalties related to the disposal of hazardous waste.

Your Committee received testimony from the Department of Health and the Department of the Attorney General, recommending that the definition of "abandon" be moved to section 342J-9(c), Hawaii Revised Statutes (HRS), as it was in H.B. No. 662, H.D. 2, which passed Third Reading earlier this session.

Your Committee has amended this bill by:

- (1) Deleting section 1, which defined "abandon" as to desert, discard, or leave behind in section 342J-2, HRS;
- (2) Defining "abandon" as the act of deserting or leaving behind a hazardous waste, used oil, or used oil fuel in section 342J-9(c), HRS;
- (3) Clarifying that section 342J, HRS, pertains to used oil fuel as well as hazardous waste and used oil; and
- (4) Making technical, nonsubstantive amendments for purposes of 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 S.B. No. 1137, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1137, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 1050 Consumer Protection and Commerce on S.B. No. 840

The purpose of this measure is to:

- (1) Reduce from \$2,500,000 to \$2,000,000, the tax revenue from banks and other financial institutions that is allocated to the Division of Financial Institutions of the Department of Commerce and Consumer Affairs (Division); and
- (2) Eliminate the requirement that financial institutions publish their statements of assets and liabilities in the newspaper.

Testimony in support of this measure was received from the Division, Hawaii Bankers Association, and Hawaii Financial Services Association.

Your Committee finds that despite the reduction in revenues, \$2,000,000 would provide sufficient funds to support the present annual budget of the Division.

Your Committee also finds that under Hawaii's law, national banks, federally chartered thrift institutions, and out-of-state banks are not required to publish statements of assets and liabilities. The law applies only to financial institutions chartered or licensed in Hawaii, and is unnecessary because more comprehensive financial information is readily available on federal government web sites.

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 S.B. No. 840, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 1051 Consumer Protection and Commerce on S.B. No. 591

The purpose of this bill is to replace the current chapter of the Hawaii Revised Statutes that provides for occupational therapist registration and title protection, with a new chapter requiring licensure of occupational therapists.

Your Committee received testimony in support of this measure from the Hawaii Nurses Association, Hawaii Speech-Language-Hearing Association, Massage Therapists Association of Hawaii, Occupational Therapy Association of Hawaii, Beverly Rehabilitation, various professionals from Straub Clinic and Hospital, Kaiser Permanente, and other medical services organizations, a number of special education teachers, several concerned citizens, and numerous independent occupational therapists. The Hawaii Coalition for Health supported the bill with an amendment. The Hawaii Chapter of the American Physical Therapy Association supported the intent, but expressed concerns. The Department of Commerce and Consumer Affairs (DCCA) opposed the bill as written.

The current system of occupational therapist regulation is a title protection law that restricts the use of the title, "occupational therapist" to persons certified by the American Occupational Therapist Association and registered with DCCA. Your Committee recognizes that this system of regulation does not use the term "licensed," and that occupational therapists find this problematic for several reasons, most important of which is that some insurers will not reimburse occupational therapists if they are not "licensed."

DCCA opposed this measure because the change in terminology from "registered" to "licensed" would be a change in form rather than substance, that would inaccurately reflect the regulatory scheme and increase public confusion and misconceptions about professional and vocational regulation.

Your Committee understands that regardless of the terminology used, both the existing law, and the law proposed by this bill would:

- (1) Define the scope of occupational therapy practice;
- (2) Specify educational and experiential qualifications of occupational therapists;
- (3) Provide a procedure to officially recognize individuals who possess the qualifications to use the title "occupational therapist";
- (4) Prohibit those who do not comply with the prescribed procedure from using the title "occupational therapist"; and
- (5) Enumerate grounds for disciplinary action.

Your Committee has amended this bill by replacing its substance with the substance of the draft provided by DCCA. This draft was endorsed by the proponents of the original bill received by your Committee.

As amended, the bill amends chapter 457G, Hawaii Revised Statutes (HRS), Occupational Therapy Practice, by:

- (1) Providing a temporary permit allowing persons who have the required education and experience, but have not yet passed the national certification examination, to perform occupational therapy services under the direct supervision of a duly registered occupational therapist;
- (2) Stating that the definition of "license," which is the granting of permission to engage in a profession, includes a registration granted under chapter 457G, HRS; and
- (3) Specifying that the national certification examination required of occupational therapists is administered by the National Board for Certification in Occupational Therapy.

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 S.B. No. 591, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 1052 Consumer Protection and Commerce on S.B. No. 1119

The purpose of this measure is to:

- (1) Allow health care providers to send electronic prescriptions to drug and medical oxygen dispensers; and
- (2) Authorize drug dispensers to keep electronic records.

Testimony in support of the measure was received from the Department of Health, Kaiser Permanente, Hawaii Medical Service Association, and the Hawaii Pharmacists Association.

Your Committee finds that electronic prescribing reduces medication errors and prescription fill time by reducing transcription errors. Electronic prescribing systems can also place drug plan formularies and information about drug-to-drug interactions, generic drug alternatives, and the patient's medication history at the prescriber's fingertips. This saves time, allows the prescriber to select the appropriate and least expensive drug, provides for greater formulary compliance, and reduces the cost of health care. The widespread implementation of electronic prescribing is a national health care goal that will significantly improve the way medications are prescribed.

Your Committee has amended this measure by removing the section repealing Act 304, Session Laws of Hawaii 1997. Act 304 is already subject to repeal on June 30, 2001. Other technical, nonsubstantive changes were made 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 S.B. No. 1119, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1119, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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