

## CONFERENCE COMMITTEE REPORTS

**Conf. Com. Rep. 1 on H.B. No. 2848**

The purpose of this bill is to propose amendments to the State Constitution that:

- (1) Authorize the State to issue Special Purpose Revenue Bonds (SPRBs) to assist not-for-profit private elementary schools, secondary schools, colleges, and universities; and
- (2) Authorize the State and its political subdivisions to combine into a single issue, two or more separately authorized proposed issues of SPRBs in an amount not to exceed the combined total of the proposed separate SPRB issues.

Your Committee on Conference finds that regardless of whether a student chooses to attend a public or private school, the mission of the State is to ensure that all students in Hawaii receive an effective education. This bill allows private schools within the State to make use of the financial advantages provided by funding construction work through SPRBs.

This bill also provides for "bond pooling" which will allow separate issues of SPRBs to be combined, which could help reduce the costs of issuing these bonds and allow smaller entities to combine their financial resources in obtaining funding for their respective construction needs.

However, your Committee on Conference also notes that because the "bond pooling" provisions of this bill are generalized and not restricted to SPRBs issued to assist private educational institutions, these provisions fall outside of the scope of the bill's title. Additionally the bond pooling provisions are applicable to political subdivisions of the State which also falls outside of the scope of the bill's title.

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

- (1) Restricting the "bond pooling" provisions to apply only to SPRBs issued by the State to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities; and
- (2) Changing the constitutional question to read: "Shall the State be authorized to issue special purpose revenue bonds and use the proceeds from the bonds to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities; and to combine into a single issue of special purpose revenue bonds two or more proposed issues of special purpose revenue bonds to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities, separately authorized, in a total amount not exceeding the aggregate of the proposed separate issues of special purpose revenue bonds?"

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2848, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2848, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Takumi, Hamakawa, Suzuki, Bukoski and Davis.  
Managers on the part of the House.  
(Representatives Hamakawa and Bukoski were excused.)

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

**Conf. Com. Rep. 2 on H.B. No. 1012**

The purpose of this bill is to propose a constitutional amendment to require that candidates for senator and representative must live in the district they wish to represent prior to filing nomination papers and must remain in the district from the date of the filing through their terms of office, if elected, with an exception when reapportionment has occurred.

Your Committee has made technical, nonsubstantive amendments to this bill to ensure a smooth transition following future reapportionments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1012, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1012, S.D. 1, C.D. 1.

Representatives Suzuki, Hamakawa, Espero, Cabrerros, Halford and Rath.  
Managers on the part of the House.  
(Representatives Halford and Rath were excused.)

Senators Kanno and Ihara.  
Managers on the part of the Senate.

**Conf. Com. Rep. 3 on H.B. No. 2382**

The purpose of this bill is to:

- (1) Require the Governor to provide public notice, and to accept public comments for at least 60 days, before expanding the inmate capacity of any existing correctional facility or constructing any new correctional facility; and
- (2) Make the public comment period concurrent with the review and public comment period required for an environmental assessment or environmental impact statement required for the proposed site or construction.

Your Committee on Conference finds that the public should be encouraged to participate in the process whenever new correctional facilities are proposed, when existing facilities are expanded to accommodate more inmates, and when significant capital improvement projects are undertaken at correctional facilities.

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

- (1) Specifying that the public notice and comment requirements only apply when the cost of expansion or construction at existing correctional facilities exceeds \$500,000;
- (2) Changing the effective date to take effect upon approval; and
- (3) Making other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2382, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2382, H.D. 1, S.D. 2, C.D. 1.

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

Senators Kanno, Hanabusa, Ihara, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senators Ihara and Taniguchi were excused.)

#### **Conf. Com. Rep. 4 on H.B. No. 2527**

The purpose of this bill is to provide for increased public safety. Specifically, this bill:

- (1) Allows the Department of Labor and Industrial Relations to set the reinspection frequencies of boilers and pressure systems based on safety considerations; and
- (2) Changes the mandatory inspection for elevators and kindred equipment from eight-month intervals to one-year intervals.

Your Committee on Conference has amended this measure by:

- (1) Clarifying statutory language by removing the effective date of July 1, 2000, from section 397-4(a)(6)(D), Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2527, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2527, S.D. 1, C.D. 1.

Representatives Saiki, Nakasone and Pendleton.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 5 on H.B. No. 1942**

The purpose of this bill is to establish a temporary commission known as the Filipino Centennial Celebration Commission to oversee arrangements for the commemoration of the centennial anniversary of the arrival of the first Filipinos to Hawaii.

Your Committee on Conference has amended this measure by inserting a provision declaring that members of the Commission shall be immune from civil liability as provided for under section 26-35.5, Hawaii Revised Statutes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1942, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1942, S.D. 1, C.D. 1.

Representatives Chang, Suzuki and Halford.  
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Chumbley, Hanabusa, Inouye, Kawamoto, Kim, Menor and Hemmings.

Managers on the part of the Senate.  
(Senators Chumbley, Inouye, Menor and Hemmings were excused.)

**Conf. Com. Rep. 6 on H.B. No. 1758**

The purpose of the bill is to allow law enforcement officers to use a copy, facsimile telecommunication, or other reliable reproduction of a domestic abuse protective order in lieu of the original order to provide service of notice.

Your Committee on Conference finds that the use of electronic copies would greatly expedite the service and enforcement of protective orders, and enhance protection of the complainant.

Your Committee on Conference amended the bill by making the effective date upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1758, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1758, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 7 on H.B. No. 2305**

The purpose of this bill is to:

- (1) Provide deadlines for contesting informally probated wills; and
- (2) Give a creditor 18 months in which to challenge a disallowance by a personal representative when the notice of disallowance does not advise of the 60-day limitations period to challenge the disallowance.

Your Committee on Conference has made amendments to this bill by:

- (1) Reinserting the term "within" before the new deadlines for contesting informally probated wills, to clarify that any contest must occur within the enumerated deadlines; and
- (2) Moving the phrase "whichever time period expires first" out of the subparagraph containing the last enumerated deadline, and into the paragraph containing all three deadlines, to clarify that the phrase refers to all deadlines, not only the last deadline.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2305, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2305, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 8 on H.B. No. 2568**

The purpose of this bill is to assist in the collection of state taxes by:

- (1) Expanding the Department of Taxation's current authority to ascertain the fair market value of sales between affiliated companies or persons when the consideration paid is not indicative of the fair market value of sales and all taxes administered under title 14, Hawaii Revised Statutes;
- (2) Providing a continuous levy on the salary or wages of a delinquent taxpayer;
- (3) Indemnifying a person from the claims of third parties when the person honors a state tax levy; and
- (4) Expanding the authority for recovering unpaid withholding taxes.

Your Committee on Conference has amended the measure by:

- (1) Clarifying that the provision concerning income taxes withheld by an employer applies to withholding requirements for payroll periods beginning on or after July 1, 2002, rather than to income taxes withheld for a payroll period beginning on or after July 1, 2002; and

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2568, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2568, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 9 on H.B. No. 2002**

The purpose of this bill is to support efforts to transform the Holiday Inn Sunspree Resort Kauai into an economically viable resort by authorizing the Department of Land and Natural Resources to issue new state leases to Kauai Beach Resort, LLC, the hotel's owner and operator.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to July 1, 2002; and  
(2) Making technical, nonsubstantive amendments to correct certain typographic errors.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2002, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2002, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 10 on H.B. No. 2536**

The purpose of this bill is to allow the Department of Land and Natural Resources to continue to transfer certain management and jurisdictional directives relating to aquatic resources from specific statutes to administrative rules by deleting the sunset provision in the enabling act, section 17 of Act 85, Session Laws of Hawaii 1999.

Your Committee on Conference has amended this bill by changing the effective date to June 29, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2536, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2536, S.D. 1, C.D. 1.

Representatives Kanoho, Nakasone and Bukoski.  
Managers on the part of the House.

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

**Conf. Com. Rep. 11 on H.B. No. 1724**

The purpose of this bill is to provide more flexibility in assigning special number plates for military service by allowing a qualified registered owner to obtain these plates for multiple vehicles as well as for different categories of military service.

Your Committee on Conference has amended this bill by:

- (1) Removing the term "noncommercial" as it applies to motor scooters; and  
(2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1724, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1724, S.D. 1, C.D. 1.

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



(Representative Pendleton was excused.)

Senators Kawamoto, Taniguchi, Fukunaga, Hanabusa, Inouye and Slom.  
Managers on the part of the Senate.  
(Senators Hanabusa and Slom were excused.)

**Conf. Com. Rep. 12 on H.B. No. 2577**

The purpose of this bill is to provide the Harbors Division of the Department of Transportation with greater flexibility to develop harbor lands and facilities.

Your Committee on Conference 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 managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2577, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2577, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Kanoho, Espero, Garcia, Bukoski and Djou.  
Managers on the part of the House.  
(Representative Garcia was excused.)

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

**Conf. Com. Rep. 13 on H.B. No. 1843**

The purpose of this bill is to reinstate binding arbitration for bargaining unit 9 (Registered Professional Nurses).

Your Committee on Conference has amended this measure by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1843, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1843, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 14 on H.B. No. 2723**

The purpose of this bill is to reduce solid and liquid waste by requiring the counties to establish a program for recycling food waste as part of their county integrated solid waste management plan.

Your Committee on Conference has amended this measure by replacing its contents with the contents of its companion measure, S.B. No. 2909, H.D. 1, which reflects the position of Senate conferees with technical amendments made by the House.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2723, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2723, H.D. 2, S.D. 1, C.D. 1.

Representatives Morita, B. Oshiro, Yonamine, Cabreros, Auwae and Djou.  
Managers on the part of the House.  
(Representatives Auwae and Djou did not concur.)

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

**Conf. Com. Rep. 15 on H.B. No. 2045**

The purpose of this bill is to authorize county established corporations or boards, which own or operate facilities for the furnishing of electricity, to issue revenue bonds.

Your Committee on Conference has amended this measure by:

- (1) Specifying that as a requirement for the authorization to issue revenue bonds, the corporation or board direct all of its revenues toward the furnishing of electrical services, and not toward the general fund of the county, unless the transfer of revenues constitutes a payment in lieu of taxes;
- (2) Changing the effective date to upon its approval;
- (3) Changing the repeal date to June 30, 2004; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2045, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2045, H.D. 1, S.D. 2, C.D. 1.

Representatives Morita, Yonamine and Bukoski.  
Managers on the part of the House.

Senators Kim, Taniguchi, Chun, English, Inouye and Slom.  
Managers on the part of the Senate.  
(Senators English and Slom were excused.)

#### **Conf. Com. Rep. 16 on H.B. No. 870**

The purpose of this bill is to allow for the direct negotiation of master leases on industrial parks developed under a joint venture or development agreement. This bill:

- (1) Clarifies the authority of the Board of Land and Natural Resources (Board) in designating lands to be used as industrial parks;
- (2) Declares that if an industrial park is to be developed in partnership or under a development agreement with a private party, that the private party shall be selected in accordance with the procurement code;
- (3) Allows the Board, through negotiation, to issue master leases within an industrial park to the entity that developed the industrial park or to a nominee of the entity;
- (4) Authorizes a master lessee to issue tenant subleases within the industrial park without the consent of the Board; and
- (5) Clarifies that the Board, through negotiations, may issue a master lease to a corporation whose members or shareholders are either eligible permittees or eligible sublessees of the industrial park.

Your Committee on Conference has amended this bill by:

- (1) Specifying that in identifying a private party to develop an industrial park, the private party shall be selected via the competitive sealed bidding or competitive sealed proposal process set forth in the procurement code; and
- (2) Making technical, nonsubstantive amendments to conform to standard drafting conventions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 870, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 870, S.D. 1, C.D. 1.

Representatives Kanoho, Nakasone and Meyer.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 17 on H.B. No. 2443**

The purpose of this bill is to remedy the filing of frivolous financing statements with the Bureau of Conveyances (Bureau) by assuring that the filing of the financing statements are authorized by the debtors.

Your Committee on Conference was concerned that under this bill, the government would also be subject to the provisions that allow a debtor to request the registrar of the Bureau to demand from a secured party a copy of the security agreement that purportedly authorized the filing of the financing statement. If the secured party does not answer the demand within thirty days, the financing statement is deemed unauthorized. Under these provisions, a debtor could conceivably have a legitimate financing statement that was filed by the government deemed unauthorized if the government fails to produce a copy of the security agreement within thirty days. It may be difficult for a government to respond within such a time period.

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

- (1) Exempting any instrument that is recorded by the United States, the State, or any county from the provisions preventing the filing of frivolous financing statements; and
- (2) Making technical, nonsubstantive amendments to conform to standard drafting conventions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2443, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2443, H.D. 2, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 18 on H.B. No. 2166**

The purpose of this measure is to assist not-for-profit private elementary schools, secondary schools, colleges, and universities that serve the general public by authorizing the State to issue special purpose revenue bonds for their benefit, contingent upon ratification of constitutional amendment authorizing the same.

Your Committee finds that quality education is in the public interest, whether families and students choose to receive that education at public or private schools. This measure allows private schools serving the public interest to gain the resources needed to facilitate their educational mission through the use of special purpose revenue bonds.

Your Committee has amended the measure by:

- (1) Altering all references to "not-for-profit private elementary schools, secondary schools, colleges, and universities that serve the general public" to read "not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities that serve the general public"; and
- (2) Adding language regarding bond pooling which states that "the State may combine into a single issue of special purpose revenue bonds two or more proposed issues of special purpose revenue bonds to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities, separately authorized as aforesaid, in the total amount of not exceeding the aggregate of the proposed separate issues of special purpose revenue bonds."

These amendments bring the statutory language of this measure into conformity with the constitutional amendment language in the related measure of H.B. No. 2848, H.D. 1, S.D. 2, C.D. 1.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2166, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2166, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Takumi, Hamakawa, Suzuki, Davis and Ontai.  
Managers on the part of the House.  
(Representatives Hamakawa and Davis were excused.)

Senators Sakamoto, Kanno, Kawamoto, Taniguchi, Chumbley, Inouye and Hogue.  
Managers on the part of the Senate.  
(Senators Kawamoto and Chumbley were excused.)

**Conf. Com. Rep. 19 on H.B. No. 1996**

The purpose of this bill is to provide income tax relief by:

- (1) Lowering the adjusted gross income threshold for individuals required to make annual payments for their estimated income taxes from \$150,000 to \$50,000; and
- (2) Reducing the percentages used to determine the required annual payment from 90 percent to 60 percent.

Your Committee on Conference has amended this measure by changing the effective date to January 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1996, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1996, S.D. 1, C.D. 1.

Representatives Nakasone and Suzuki.  
Managers on the part of the House.

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

(Senator Slom was excused.)

**Conf. Com. Rep. 20 on H.B. No. 223**

The purpose of this bill, is to require the Joint Formulary Advisory Committee to use the most current Physician's Desk Reference in developing drug formularies for optometry.

Your Committee on Conference has amended this bill by:

- (1) Inserting a findings and purpose section;
- (2) Repealing the Joint Formulary Advisory Committee and transferring responsibility for formulary selection to the Board of Examiners in Optometry;
- (3) Allowing therapeutically certified optometrists to prescribe and use topical pharmaceuticals approved by the Board of Examiners in Optometry; and
- (4) Prohibiting optometrists from using anti-fungal, injectable, or oral agents.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 223, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 223, H.D. 1, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 21 on H.B. No. 741**

The purpose of this measure is to protect parties who fall victim to civil litigation lodged to stifle legitimate forms of civil and political expression.

Your Committee on Conference finds it appropriate to provide an expedited judicial mechanism to dismiss "strategic lawsuits against public participation" (SLAPPs) at an early stage of litigation, to spare unnecessary stress and expense.

Your Committee on Conference has amended this measure to reflect provisions contained in SLAPP legislation recently adopted in the state of Colorado, especially the definitions of "lack of substantial justification" and "strategic lawsuit against public participation." Your Committee on Conference has made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 741, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 741, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 22 on H.B. No. 2120**

The purpose of this bill is to adopt the Uniform Child-Custody Jurisdiction and Enforcement Act (UCCJEA). The UCCJEA:

- (1) Assigns priority to home state custody;
- (2) Provides continuing exclusive jurisdiction to the state that makes the initial custody determination, so long as a party to the original custody determination remains in that state;
- (3) Authorizes enforcement proceedings in a state other than the state issuing the custody order;
- (4) Provides an expedited process to enforce interstate child custody and visitation orders;
- (5) Authorizes the Attorney General and county prosecutors to locate the child and enforce custody orders; and
- (6) Provides uniformity among the states.

The UCCJEA was drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) in 1997 to replace the Uniform Child Custody Jurisdiction Act of 1968, codified in chapter 583, Hawaii Revised Statutes (HRS). The NCCUSL's commentary to the UCCJEA provides guidance in interpreting the UCCJEA.

Your Committee on Conference has amended this bill by:

- (1) Requiring a court to schedule a hearing on the first judicial day possible when the hearing is either:
  - (A) To enforce a child-custody determination; or
  - (B) To issue a warrant to take physical custody of a child in connection with a proceeding to enforce a child-custody determination;
- (2) Inserting a savings clause to preserve existing powers, rights, penalties, and pending proceedings when the UCCJEA becomes effective and chapter 583, HRS, is repealed; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2120, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2120, H.D. 1, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 23 on H.B. No. 2315**

The purpose of this bill is to:

- (1) Clarify the law on refusal to provide ingress to or egress from any public or private place (Chapter 852, Hawaii Revised Statutes (HRS));
- (2) Define law enforcement officer as it is used in Chapter 852, HRS; and
- (3) Exempt labor disputes from Chapter 852, HRS.

Your Committee on Conference finds that section 850-1, HRS, uses the term "police or other peace officer" which should be updated with the term "law enforcement officer."

Your Committee on Conference has amended this bill by:

- (1) Deleting reference to a labor dispute exemption; and
- (2) Retaining the present statutory language describing the offense.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2315, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2315, H.D. 1, S.D. 1, C.D. 1.

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

Senators Kanno and Fukunaga.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 24 on H.B. No. 2427**

The purpose of this bill is to add provisions to the Hawaii Victim's Bill of Rights, section 801D, Hawaii Revised Statutes (HRS), that would:

- (1) Toll the statute of limitations for victims until the perpetrator of the crime is released from jail; and
- (2) Provide a mechanism to notify victims and their families of possible restitution.

Your Committee on Conference finds that torts often arise out of criminal matters. However, during the period defendants are incarcerated, they are beyond the reach of any satisfaction of judgements. Extending the statute of limitations for civil action against the perpetrator into a period of financial stability will provide a greater opportunity for restitution.

Your Committee on Conference also finds that placing the tolling provision of the statute of limitations with other similar provisions will give adequate notice to the public of its existence.

Your Committee on Conference has amended this bill by:

- (1) Inserting the provisions for tolling of the statute of limitations into chapter 657, HRS; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2427, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2427, H.D. 1, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 25 on H.B. No. 2438**

The purpose of this bill is to provide criminal penalties for persons:

- (1) Committing identity theft of another individual; and
- (2) Obtaining identity documents under false pretenses or using a false or fictitious identity.

Your Committee on Conference finds that misappropriation of personal identification information is on the rise. This measure begins to address the criminal conduct associated with intentional identity theft.

Your Committee on Conference has amended this bill by:

- (1) Deleting reference to the crime of deceptive use of a fictitious identity and an accompanying section regarding the definition of "personal information"; and
- (2) Deleting the amendments made regarding the offense of and penalties for misuse of a certificate of identification.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2438, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2438, H.D. 1, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 26 on H.B. No. 2817**

The purpose of this bill is to clarify the physician-patient and psychologist-client privileges and to provide a hearsay exception for certified records in the Rules of Evidence.

Your Committee on Conference has amended this bill by:

- (1) Amending the definition of "psychologist" to mean a person authorized to engage in the diagnosis or treatment of a mental or emotional condition so that this definition is consistent with the definitions of "attorney" and "physician," which also use the term "authorized," for the corresponding evidentiary privileges; and
- (2) Amending the definition of "statement" to include an assertion in a writing as opposed to an assertion in writing.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2817, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2817, H.D. 1, S.D. 1, C.D. 1.

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

Senators Kanno, Ihara and Slom.

Managers on the part of the Senate.  
(Senator Ihara was excused.)

**Conf. Com. Rep. 27 on H.B. No. 1749**

The purpose of this bill is to:

- (1) Require the Department of Health (DOH) to disclose the criminal history of a prospective resident applicant seeking entry into an adult residential care home (ARCH);
- (2) Provide DOH with the discretion to allow more nursing facility level residents to live in an ARCH; and
- (3) Make other clarifying amendments to the ARCH laws.

Your Committee on Conference has amended this measure at the recommendation of the Department of the Attorney General by:

- (1) Clarifying that DOH only needs to disclose to the ARCH operators, criminal history records of applicants who have been admitted in the mental health system as a result of an acquittal for an offense involving violence to a person or have been convicted of an offense involving violence to a person; and
- (2) Clarifying that divisions or offices of DOH that refer individuals to an ARCH must disclose to the ARCH operator only the information that the particular office or division possesses at the time of the application.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1749, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1749, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Hamakawa, B. Oshiro, Auwae and Gomes.  
Managers on the part of the House.  
(Representatives Kahikina and Gomes were excused.)

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

**Conf. Com. Rep. 28 on H.B. No. 2521**

The purpose of this bill is to enable the Department of Health (DOH) to respond rapidly to emergency health problems before they develop into catastrophic health emergencies. Specifically, this measure will:

- (1) Enable DOH to form partnerships with health care facilities and providers to plan for and deliver services under circumstances where DOH's existing resources are inadequate;
- (2) Update and reform the quarantine laws to provide due process to potentially contagious individuals that DOH might seek to isolate from the public;
- (3) Allow DOH to sequester or isolate contaminated items or materials to protect the public from toxic or infectious substances;
- (4) Enable disease investigators to obtain critical information to determine the cause and limit the impact of disease outbreak; and
- (5) Provide persons providing care during an epidemic immunity from liability for simple negligence, except in cases of wilful misconduct.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2521, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2521, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, B. Oshiro, Kawakami, Kahikina, Stonebraker and Thielen.  
Managers on the part of the House.  
(Representatives Stonebraker and Thielen were excused.)

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

**Conf. Com. Rep. 29 on H.B. No. 1730**

The purpose of this bill is to raise the drivers education fund underwriters fee and reallocate the fee between the Insurance Division of the Department of Commerce and Consumer Affairs and the Director of Commerce and Consumer Affairs for driver education and traffic safety programs.

Your Committee on Conference has amended this measure by:

- (1) Specifying that \$1 per registration fee shall be allocated to the Insurance Commissioner to be expended for the operation of the drivers education program provided in section 286-128(d), Hawaii Revised Statutes (HRS);
- (2) Specifying that \$2 per registration fee shall be allocated to the Director of Commerce and Consumer Affairs for the drivers education program administered by the Department of Education (DOE) and the traffic safety education program established and administered by DOE pursuant to section 302A-417, HRS;
- (3) Changing the effective date to July 1, 2002; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1730, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1730, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Ito, Espero, Garcia, Bukoski and Ontai.  
Managers on the part of the House.  
(Representatives Ito and Ontai were excused.)

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

#### **Conf. Com. Rep. 30 on H.B. No. 1731**

The purpose of this bill is to:

- (1) Transfer the distribution of the drivers education fund underwriters fees deposited into the Special Drivers Education Fund Account, from the University of Hawaii Community Colleges, who no longer administer the program, to the Department of Transportation, who presently administers the program;
- (2) Recast the Special Drivers Education Fund Account as the Motorcycle Operators Education Special Fund (Special Fund);
- (3) Authorize the Department of Transportation (DOT) to expend moneys distributed to DOT for the administration of a motorcycle and motor scooter drivers education program;
- (4) Appropriate \$20,000 to DOT for fiscal year 2002-2003; and
- (5) Certify motorcycle operator education programs operated in the State by any branch of the United States armed services that meet specific requirements.

Your Committee on Conference would like to note that it has received assurances from DOT that the certification of motorcycle and motor scooter training programs conducted by the United States armed services are presently being given certification through Administrative Rules and that statutorily establishing the certification for these programs is not necessary.

Your Committee on Conference has amended this measure by:

- (1) Renaming the Special Fund as the Motorcycle and Motor Scooter Operators Education Fund;
- (2) Deleting the provision authorizing the certification of motorcycle operator education programs operated in the State by any branch of the United States armed services;
- (3) Deleting the appropriation of \$20,000 to DOT from the Motorcycle Operators Education Fund;
- (4) Deleting the provision for the transfer of funds from the Drivers Education Fund Account established pursuant to section 431:10G-107(b), HRS, to the Motorcycle Operators Education Fund; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1731, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1731, H.D. 2, S.D. 1, C.D. 1.

Representatives Souki, Takumi, Espero, Garcia, Bukoski and Ontai.  
Managers on the part of the House.  
(Representatives Garcia and Ontai were excused.)

Senators Kawamoto, Taniguchi, Fukunaga, Matsunaga, Sakamoto and Hemmings.



Managers on the part of the Senate.  
(Senators Fukunaga and Matsunaga were excused.)

**Conf. Com. Rep. 31 on H.B. No. 2302**

The purpose of this bill is to provide judges the discretion to conditionally issue or renew driver's licenses or permits, other than commercial driver's licenses, in the event that the loss or lack of a license, or a lack of alternative means of transportation, may result in loss of employment.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2050, to July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2302, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2302, H.D. 2, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 32 on H.B. No. 2509**

The purpose of this bill is to:

- (1) Clarify the statutory provisions of the parking for persons with disabilities law;
- (2) Prohibit parking in the access aisle adjacent to the parking space reserved for persons with disabilities and make such a violation a traffic infraction subject to a fine of \$250 to \$500;
- (2) [sic] Postpone the effective date of the parking requirements relating to persons with disabilities from July 1, 2002, to July 1, 2003.

Your Committee on Conference has amended this measure by:

- (1) Reducing the minimum fine for parking in a space reserved for persons with disabilities without properly displaying a removable windshield placard, temporary removable windshield placard, or special license plate from \$250 to \$100;
- (2) Reducing the minimum fine for a person using a parking space reserved for persons with disabilities, who refuses, or fails, to present an identification card to an enforcement officer upon request from \$250 to \$100;
- (3) Reducing the fine for parking in access aisles adjacent to a disabled parking stall to \$100;
- (4) Reducing the minimum fine for any private entity failing to comply with the parking for disabled person's law from \$250 to \$100 for each separate offense;
- (5) Changing the effective date to June 30, 2002; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2509, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2509, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 33 on H.B. No. 1842**

The purpose of this bill is to enable pharmacists to provide services in a broader range of clinical settings by redefining the practice of pharmacy.

Your Committee has amended the Hawaii Food, Drug, and Cosmetic Act to make it consistent with the revisions to the scope of practice of pharmacy. Other technical, nonsubstantive amendments were made for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1842, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1842, H.D. 1, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 34 on H.B. No. 1901**

The purpose of this bill is to allow victims to request that the person charged with a sexual offense against them be tested for human-immunodeficiency virus (HIV) and mandates HIV testing of those convicted of sexual offenses.

Your Committee on Conference has amended this bill by:

- (1) Removing the requirement for the court to seek the consent of the charged person to voluntarily submit to an HIV test;
- (2) Requiring that the HIV test results remain confidential except to the physician, HIV counselor, and the victim or guardian of a minor or incapacitated victim; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1901, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1901, H.D. 2, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 35 on H.B. No. 771**

The purpose of this bill, as received, is to allow the Governor to contract with the Research Corporation of the University of Hawaii to develop facilities for a minimum and medium security rehabilitation center and facilitate research on rehabilitation.

After careful deliberation, your Committee on Conference has amended this bill by deleting its substance, and inserting language the substance of which was heard by both the House of Representatives and the Senate earlier this session.

As amended, the measure mandates that an elected official forfeit public office at the time of a felony conviction rather than at the time of sentencing.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 771, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 771, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, Garcia, Nakasone, Suzuki, Auwae and Gomes.  
Managers on the part of the House.  
(Representative Gomes was excused.)

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

**Conf. Com. Rep. 36 on H.B. No. 2426**

The purpose of this bill is to create new criminal offenses relating to child pornography and to electronic enticement of a child.

Your Committee on Conference finds that this measure addresses the problem of utilizing computer technology in committing crimes against children. This measure also attempts to define "child pornography" in the context of the crime of promoting child abuse and in light of recent U.S. Supreme Court case law.

Your Committee on Conference amended the bill by:

- (1) Deleting from the definition of "child pornography" references of a visual representation that is described as containing a person engaging in sexual conduct who is under the age of twenty years;

- (2) Deleting references to an affirmative defense of adult age;
- (3) Inserting a severability clause; and
- (4) Making technical and nonsubstantive changes for style and clarity;

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2426, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2426, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 37 on H.B. No. 2065**

The purpose of this bill is to allow the Board of Nursing (Board) to:

- (1) Grant prescriptive authority to qualified advanced practice registered nurses (APRN); and
- (2) Establish an advisory committee to advise the Board with respect to formulary matters.

Your Committee on Conference has amended this bill by:

- (1) Requiring the Department of Commerce and Consumer Affairs to establish a joint formulary committee to recommend applicable formularies and requiring the Board of Medical Examiners to consider the recommendations of the joint formulary advisory committee in adopting the formulary;
- (2) Requiring the Board to adopt rules regarding prescriptive authority for APRNs;
- (3) Requiring the Board to submit a report to the Legislature prior to the Regular Session of 2004;
- (4) Inserting a sunset date of June 30, 2004 and providing that existing administrative rules remain in force until the Board adopts new rules; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2065, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2065, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 38 on H.B. No. 2506**

The purpose of this bill is to:

- (1) Streamline and centralize the process for registering and recording vital events such as births, deaths, and marriages by allowing a designated representative of the Department of Health (DOH) in each county to process the records;
- (2) Require DOH to ensure adequate security in safeguarding electronic records; and
- (3) Increase the fee for permits issued by the Director of Health from \$5 to \$20. Fifty percent of the amount received from fees will be earmarked for the Vital Statistics Improvement Special Fund.

Your Committee on Conference has amended this bill by removing the provision for electronic safeguards since DOH already has safeguards in place. Other technical, nonsubstantive amendments were made for purposes of style, consistency, and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2506, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2506, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 39 on H.B. No. 2741**

The purpose of this bill is to discourage smoking and the purchase of cigarettes by:

- (1) Raising the excise tax on cigarettes to 10 cents for each cigarette sold, used, or possessed by a wholesaler or dealer after June 30, 2002; and
- (2) Removing the June 30, 2006, sunset date on the cigarette and tobacco tax, section 245-3, Hawaii Revised Statutes.

Your Committee on Conference has amended this measure by replacing the 10-cent excise tax per cigarette with the following schedule of excise taxes:

- (1) An excise tax equal to 6 cents for each cigarette sold, used, or possessed by a wholesaler or dealer after September 30, 2002;
- (2) An excise tax equal to 6.5 cents for each cigarette sold, used, or possessed by a wholesaler or dealer after June 30, 2003; and
- (3) An excise tax equal to 7 cents for each cigarette sold, used, or possessed by a wholesaler or dealer after June 30, 2004.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2741, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2741, H.D. 2, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 40 on H.B. No. 202**

The purpose of this bill is to:

- (1) Amend the health insurance reimbursement or "clean claims" law in section 431:13:108, Hawaii Revised Statutes (HRS); and
- (2) Establish parity in mental health and substance abuse treatment insurance coverage under chapter 431M, HRS, for minors covered in policies that provide benefits pursuant to the chapter, while excluding coverage of mental illness services for minors eligible for these services under the Felix Consent Decree.

Your Committee on Conference finds that there is a need to address child and adolescent mental health and substance abuse issues before they escalate into tragedies, such as the high school shootings in other states. In addition, providing children with access to needed treatment early in life will help to reduce societal costs in the future. Your Committee on Conference notes that the Hawaii Medical Service Association has estimated that the insurance costs of this measure, which allows utilization management, will be minimal.

Your Committee on Conference has amended this bill by:

- (1) Removing the provisions relating to the clean claims law;
- (2) Changing the effective date to July 1, 2003; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 202, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 202, H.D. 1, S.D. 2, C.D. 1.

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

Senators Matsuura, Kanno, Menor, Kokubun, Sakamoto and Hogue.

Managers on the part of the Senate.  
(Senators Kokubun and Sakamoto were excused.)

**Conf. Com. Rep. 41 on H.B. No. 1713**

The purpose of this measure is to require an association of apartment owners (AOAO) that has received a request for information from an owner, to notify the owner in writing of its intent to impose fees for providing that information prior to making the assessment, except where costs are assessed to provide information on delinquent assessments or in connection with enforcement proceedings.

Your Committee on Conference finds that under the current measure, owners do not have the opportunity to withdraw a request for information once they have received notification. The measure also requires an AOAO to provide written notification 10 days prior to "assessing" the cost of providing information.

Your Committee on Conference has amended this measure by:

- (1) Replacing the term "assessing" with "incurring" to ensure that owners receive notification prior to an AOAO actually incurring the cost of providing information; and
- (2) Allowing an owner to withdraw a request for information without being charged any costs for the information.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1713, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1713, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 42 on H.B. No. 1715**

The purpose of this bill is to increase, from 120 to 365 days, the time allowed to obtain the votes needed to approve a proposed change to the bylaws of an association of apartment owners.

Your Committee on Conference has amended this measure by removing an amendment to paragraph (7) of section 514A-82(b), Hawaii Revised Statutes, that would have had an unintended substantive effect on the condominium law.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1715, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1715, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 43 on H.B. No. 1716**

The purpose of this bill is to require each party in a mediated dispute between an apartment owner and the association board of directors to be responsible for its own costs of participating in the mediation unless both parties agree otherwise.

Your Committee on Conference has amended this bill by making the bill effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1716, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 44 on H.B. No. 2832**

The purpose of this bill is to:

- (1) Clarify exceptions to the condominium public report requirements that apply to registered time share projects;
- (2) Clarify and revise the law regulating time share sales presentation solicitations; and
- (3) Allow certain hotels to partially convert to time share.

Specifically, this measure:

- (1) Requires that a purchaser of a time share interest be provided with a time share disclosure statement, but not a condominium public report or supplementary public report, if the offer and sale of the time share interest occurs in the State;
- (2) Allows acquisition agents and their employees and independent contractors to solicit individuals to attend a time share sales presentation:
  - (A) Without the necessity of a real estate license;
  - (B) From a principal place of business, branch office, other real estate place of business, or booth; and
  - (C) Without the presence of a real estate licensee, so long as solicitors remain within the real estate place of business or booth;and
- (3) Authorizes time shares in an existing hotel of sixty or more units that is a valid non-conforming use under county ordinance, and is located in a county with a population of over 500,000, so long as 40 percent of the units remain available for sale or rental as residential apartments.

Your Committee on Conference has amended this measure by:

- (1) Eliminating the requirement that an acquisition agent's employees remain in the branch office or other real estate place of business other than the principal place of business when extending invitations to attend a times share sales presentation;
- (2) Exempting apartments designated in the declaration of a condominium property regime for hotel, time share, transient vacation rental, or commercial use, from condominium law parking stall requirements; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2832, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2832, H.D. 1, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 45 on H.B. No. 2843**

The purpose of this bill is to update the election process by:

- (1) Requiring all special elections, except for special primary, special general, and special non-partisan elections, to be conducted by mail only;
- (2) Instituting a mandatory recount for very close elections;
- (3) Mandating separate ballots based on party; and
- (4) Ensuring that a person holding public office at the time of a felony conviction forfeits that office as of the time of the conviction, not the sentence.

Your Committee on Conference has amended this bill by:

- (1) Requiring the establishment of polling places in the county clerk's office and allowing their establishment elsewhere;
- (2) Limiting the time for mandatory recounts to seven days after the election, rather than 15 days;

- (3) Deleting the provision relating to forfeiture of a public office after a felony conviction;
- (4) Inserting a provision to clarify that a person holding public office forfeits that office at the time of a conviction of election fraud; and
- (5) Making numerous technical, nonsubstantive amendments to make the provision on contesting elections clearer and more consistent and to include reference to runoff elections and automatic recounts necessitated by small vote differences.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2843, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2843, S.D. 2, C.D. 1.

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

Senators Kawamoto, Kanno, Kim, Taniguchi, Fukunaga, Hanabusa, Ihara and Hogue.  
Managers on the part of the Senate.  
(Senators Fukunaga, Ihara and Hogue were excused.)

#### **Conf. Com. Rep. 46 on H.B. No. 2720**

The purpose of this bill is to require owners of vehicles purchased out-of-state to prove payment of use taxes prior to being issued a certificate of motor vehicle registration.

Your Committee on Conference has amended the measure by:

- (1) Requiring that owners of motor vehicles of the current, previous, and subsequent year model bought out-of-state, subsequently brought into the State, and subject to the use tax under Chapter 238, Hawaii Revised Statutes, provide with the application for registration proof of payment of the use tax pursuant to requirements established by the Department of Taxation; and
- (2) Changing the effective date from January 1, 2005, to January 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2720, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2720, H.D. 1, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 47 on H.B. No. 2495**

The purpose of this bill is to appropriate \$2,268,663 in general funds and \$1,538,194 in federal funds to provide emergency funding for foster board and board-related costs, permanency assistance, and difficulty-of-care payments for foster and adoptive parents, permanent custodians, and guardians of children with special needs.

Your Committee on Conference has amended this measure by deleting the section relating to the general fund expenditure ceiling. Your Committee on Conference notes that the emergency appropriation contained in this bill will not cause the aggregate general fund appropriation for the State to exceed the general fund expenditure ceiling set forth in the State Constitution.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2495, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2495, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 48 on H.B. No. 1722**

The purposes of this bill, among other things, are to:

- (1) Provide relief beyond April 30, 2002, for the airport concessions still suffering from the terrorist events of September 11, 2001;
- (2) Reduce the motor vehicle safety inspection requirement for heavy commercial vehicles from twice a year to once a year; and
- (3) Repeal the June 30, 2002, sunset date of Act 332, Session Laws of Hawaii 1993, which authorizes the establishment of the Air Carrier Commission.

Your Committee on Conference has amended this measure by:

- (1) Deleting the provisions relating to:
  - (A) Relief for the airport concessions still suffering from the terrorists events of September 11, 2001; and
  - (B) The reduction of the motor vehicle safety inspection requirement for heavy commercial vehicles from twice a year to once a year;
- (2) Changing the effective date to July 1, 2002; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1722, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1722, S.D. 1, C.D. 1.

Representatives Souki, Hiraki, Takamine, Espero, Pendleton and Rath.  
Managers on the part of the House.  
(Representatives Takamine and Pendleton were excused.)

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

**Conf. Com. Rep. 49 on H.B. No. 2552**

The purpose of this bill is to establish consistent standards and process requirements for public as well as private lands that are involved in safe harbor agreements (SFAs) and habitat conservation plans (HCPs). This bill:

- (1) Broadens the definition of a "landowner" who can enter into SHAs and HCPs by including public lands; and
- (2) Clarifies that confidentiality provisions for HCPs or SHAs are applicable to private lands.

Currently, only owners of private land can enter into SHAs and HCPs. This exclusion of public lands could negatively affect various developments that involve endangered species on public lands. For example, ongoing projects ranging from the construction of the North-South Road in Ewa, Oahu, to the Kealakehe planned community on the island of Hawaii could be delayed because of this exclusion.

Your Committee on Conference was initially prepared to consider a broader approach involving public lands and SHAs and HCPs that was developed jointly by the Department of Land and Natural Resources and conservation groups. However, concerns that the bill's title may be too narrow to encompass these provisions pursuant to Article III, Section 14, of the State Constitution dictated that your Committee on Conference develop a temporary solution rather than subject this measure to a possible veto.

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

- (1) Reverting to the original definition of "landowner" and also specifying that public lands may be included provided that it is limited to the following projects:
  - (a) The North-South Road, Ewa, Oahu, and the Kapolei Parkway, Ewa, Oahu;
  - (b) The Cyanotech Corporation, incidental take permit and habitat conservation plan at the NELHA Facility, Keahole Point, Hawaii; and
  - (c) The Kealakehe planned community on the island of Hawaii;and
- (2) Deleting the provision that limited the confidentiality provisions for HCPs or SHAs to private lands.

Finally, your Committee on Conference is optimistic about the eventual adoption of H.C.R. No. 103 which requests a wide spectrum of organizations, agencies, and interested parties to establish a working group to analyze Hawaii's endangered species law, chapter 195D, Hawaii Revised Statutes, and make recommendations to the 2003 Legislature. This working group should be able to recommend long-term strategies to address the underlying issues contained in this bill.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2552, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2552, H.D. 1, S.D. 1, C.D. 1.

Representatives Kanohe, Morita, Nakasone, Schatz, Djou and Meyer.  
Managers on the part of the House.  
(Representative Djou was excused.)

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

**Conf. Com. Rep. 50 on H.B. No. 1357**

The purpose of this bill is to:

- (1) Require moneys in the Hospital and Medical Facilities Special Fund (Special Fund) to be used to offset educational program expenses of the Hospital and Medical Facilities Branch, Department of Health (DOH);
- (2) Specify how expenditures from the Special Fund are to enhance the capacity of hospital and medical facilities programs, but limiting the amount of moneys used for education;
- (3) Requiring that funds in the Special Fund in excess of a specified amount at the end of each fiscal year be deposited into the general fund;
- (4) Requiring DOH to report to the Legislature on the status of the Special Fund;
- (5) Specify that fines collected by DOH for violations of the adult residential care homes licensing laws be deposited into the general fund; and
- (6) Statutorily establish guidelines for the handling and security of the personal effects of hospital patients.

Your Committee on Conference has amended this bill by:

- (1) Specifying that no more than \$230,000 of the Special Fund may be used during any fiscal year for education;
- (2) Specifying that any amount in the Special Fund in excess of \$356,000 at the end of each fiscal year be deposited into the general fund;
- (3) Removing the statutory establishment of guidelines for patient's personal effects and instead requesting the Healthcare Association of Hawaii to report to the Legislature on the status of how hospitals in the State handle and provide for the security of the personal effects of hospital patients;
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1357, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1357, H.D. 1, S.D. 2, C.D. 1.

Representatives Arakaki, Kawakami and Stonebraker.  
Managers on the part of the House.

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

**Conf. Com. Rep. 51 on S.B. No. 996**

The purpose of this measure is to amend the Constitution of the State of Hawaii to authorize the initiation of felony prosecutions by written information, in addition to the existing processes of grand jury indictments and preliminary hearings.

Section 10, article I, of the State Constitution requires that felony prosecutions be initiated by grand jury indictment or upon the filing of a complaint following a preliminary hearing. These procedures require the expenditure of substantial resources by the State and counties since hearsay testimony is not allowed and probable cause must be established through the testimony of witnesses. Additionally, in grand jury proceedings, jurors must be impaneled and compensated, and staff hired to assist the grand jury.

This measure proposes a constitutional amendment to allow an alternative method of initiating a felony prosecution. The direct filing method of initiating a prosecution, which is used in ten other states, involves the submission to the court of a document, also known as a written information, that is similar to a complaint and that is supported by affidavits and other documentary evidence. If a judge finds probable cause based upon the written information, a warrant is issued and the case proceeds to trial.

Your Committee on Conference finds that the use of this alternative method of prosecuting felonies will result in cost savings to the State and counties and allow for better use of law enforcement personnel and other resources. This measure does not eliminate

safeguards for the accused because probable cause will still be required to support the issuance of a warrant, and a finding of probable cause will be subject to challenge in a hearing. Further, because prosecutions will be initiated in a more timely fashion, cases will proceed more quickly to trial.

Your Committee on Conference has amended this measure by reverting to S.B. No. 996 in its original form, which does not specify that the charge by information must be for the lowest grade of felony offense.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 996, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 996, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 52 on S.B. No. 997**

The purpose of this measure is to allow for Class C felonies to be prosecuted by information.

Your Committee on Conference finds that the current method of felony prosecutions through grand jury indictment or a preliminary hearing requires large amounts of resources by the prosecuting attorney and the judiciary. This measure creates an alternative method to initiate felony prosecutions, which is similar to those being used by over 27 states. This will allow information, similar to a complaint with documentary exhibits to support the charge, to be submitted to a judge for a determination of probable cause.

Your Committee on Conference has amended this measure by deleting its contents and inserting a provision to require the Judicial Council to convene a task force to engage in a comprehensive review of criminal charging procedures. The task force would report its findings and recommendations to the 2003 Session.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 997, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 997, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 53 on S.B. No. 2732**

The purpose of this measure is to update and clarify the State's business registration laws, including requirements governing the appointment of a trustee to dispose of a dissolved corporation's property, the use of electronic communications in shareholder meetings, appointment of a registered agent, annual report filings, and administrative dissolution of registered entities. Your Committee finds that these amendments will facilitate the formation and operation of business entities in this State.

Your Committee has amended this measure by making technical, nonsubstantive amendments to correct typographical errors and an internal reference, and to establish consistency in the statutory language.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2732, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2732, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 54 on S.B. No. 99**

The purpose of this measure is to clarify the permissible scope of election activities of employees of the liquor commission.

Current law prohibits liquor commission employees from engaging in election activities that support, advocate, or aid in the election or defeat of any candidate. Your Committee on Conference finds that this prohibition may be unconstitutional.

This measure allows liquor commission employees to engage in election activities, if the employee notifies the commission in writing of the employee's intent to do so. If an employee becomes a candidate for public office, the employee is required to take leave

of absence for the election activity period. Commission employees are prohibited from receiving contributions, or receiving or transferring anything of value from a licensee in connection with an election of a candidate.

Your Committee on Conference has amended this measure to also prohibit an employee from soliciting contributions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 99, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 99, H.D. 1, C.D. 1.

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

Senators Kanno, Kim, Nakata, Chumbley and Slom.  
Managers on the part of the Senate.  
(Senators Chumbley and Slom were excused.)

#### **Conf. Com. Rep. 55 on S.B. No. 2964**

The purpose of this measure is to statutorily establish the Hawaii Commission for National and Community Service, and transfer the programs and functions from the Department of Labor and Industrial Relations to the University of Hawaii.

Your Committee has amended this measure by clarifying that the program shall be attached to the University of Hawaii for administrative purposes only.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2964, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2964, S.D. 2, H.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 56 on S.B. No. 3053**

The purpose of this measure is to statutorily establish the public health nursing branch program.

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

- (1) Deleting all references to establishing the program as a "branch"; and
- (2) Changing the effective date to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3053, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3053, S.D. 2, H.D. 1, C.D. 1.

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

Senators Matsuura, Taniguchi, Fukunaga, Ige and Hogue.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 57 on S.B. No. 3040**

The purpose of this measure is to require the confidential treatment of nonpublic information of captive insurance companies.

Presently, only nonpublic information of a financial nature that is disclosed by a captive insurance company to the Commissioner is required to be held confidentially. However, captive applicants and licensees are required to submit to the Commissioner other nonpublic information such as personal information relating to a captive's directors and officers, including social security and passport numbers.

This measure extends the confidentiality requirement to all nonpublic information, financial or otherwise, disclosed in a captive's license application or business plan, or of its parent or parent's member organizations. Your Committee finds that this requirement will ensure that business-sensitive and personal information remains confidential, unless disclosure is deemed necessary by the Commissioner, and that the information provided to the State will be utilized for regulatory purposes only and will not be subject to disclosure to competitors.

Your Committee has amended this measure to clarify that all nonpublic information provided by a captive insurer to the Commissioner is required to be treated in a confidential manner, including information other than that contained in a captive's license application or business plan, or of its parent or parent's member organizations. Your Committee also made technical, nonsubstantive amendments to reflect preferred drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3040, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3040, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 58 on S.B. No. 2046**

The purpose of this measure is to create a criminal offense for causing injury or death to a guide dog, signal dog, or service animal.

This measure recognizes the unique skills of guide dogs, signal dogs, and service animals that have completed lengthy and specialized training to serve their owners with disabilities. The owners are highly dependent on their dogs, who serve as the eyes and ears for the disabled. These dogs have become the object of taunting and injury from people or from other dogs.

Your Committee on Conference has amended this measure by adding the offense of intentional interference with the use of a guide dog, signal dog, or service animal.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2046, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2046, S.D. 1, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 59 on S.B. No. 2926**

The purpose of this measure is to require the Department of Education (DOE) to conduct a comprehensive occupational validation study of its educational officers.

Your Committee finds that the original language of this measure would have compensated public high school assistant athletic directors in the same manner as public high school coaches. Your Committee continues to find athletics an integral part of the holistic development of students and will work to insert language comparable to the original draft in a different vehicle. However, your Committee further finds that a comprehensive occupational validation study of DOE educational officers would build upon efforts already underway in this area and facilitate effective public school administration.

Your Committee has amended the measure by changing the effective date from July 1, 2020 to July 1, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2926, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2926, S.D. 1, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 60 on S.B. No. 2934**

The purpose of this measure is to expand the definition of "special liquor district" to include areas designated for historic preservation and residential protection.

Your Committee has amended this measure by including an amendment to section 281-56, Hawaii Revised Statutes, that requires liquor inspectors, in their reports on applications for licensure, to include possible adverse effects that the premises may have on the surrounding community in counties with a population of 500,000 or more residents.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2934, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2934, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 61 on S.B. No. 2613**

The purpose of this measure is to prohibit shark feeding as part of a commercial activity. Your Committee has agreed that this measure is to insure public safety in near shore waters by banning commercial shark feeding operations that may aggravate the problem of aggressive shark behavior towards swimmers and surfers.

Your Committee has amended this measure by changing the effective date from July 1, 2050, to July 1, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2613, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2613, S.D. 2, H.D. 1, C.D. 1.

Representatives Kanoho, Ahu Isa and Bukoski.  
Managers on the part of the House.  
(Representative Bukoski was excused.)

Senators Tam, Inouye, Kanno, Ihara and Slom.  
Managers on the part of the Senate.  
(Senators Ihara and Slom were excused.)

**Conf. Com. Rep. 62 on S.B. No. 2816**

The purpose of this bill is to establish the Hawaii Educator Incentive Program to increase the number of qualified teachers in Hawaii public schools.

Specifically, this bill:

- (1) Provides tuition reimbursements for students who complete an approved teacher education program in Hawaii and teach in Hawaii public schools;
- (2) Provides that the maximum tuition reimbursement shall not exceed the cost of tuition, textbooks, and required materials for the teacher education program at the University of Hawaii;
- (3) Provides that periodic installment reimbursements begin one year after employment as a full-time teacher, conclude after the sixth year of teaching in certain designated hard-to-fill positions, and cease if the individual stops teaching in Hawaii public schools; and
- (4) Establishes the Hawaii Educator Incentive Special Fund (Fund), to be administered by the Department of Education to provide financial assistance to program participants.

Upon further consideration, your Committee on Conference has amended this bill by deleting its contents and inserting the provisions of its companion bill, H.B. No. 2558, S.D. 2 which is substantially similar to this bill.

As amended, this bill establishes the Hawaii Educator Incentive Program that will be administered by a designated federal credit union that is under contract with the Department of Education.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2816, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2816, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, Ito, Saiki, Espero, Ontai and Rath.  
Managers on the part of the House.  
(Representatives Saiki and Ontai were excused.)

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

**Conf. Com. Rep. 63 on S.B. No. 2290**

The purpose of this measure is to exempt applicants for an independent bill reviewer's license from all licensing requirements except the payment of a fee if they possess certain credentials granted by the American Health Information Management Association (AHIMA).

Upon further consideration and the Department of Commerce and Consumer Affairs' complete review of this matter, your Committee on Conference has amended the measure by:

- (1) Including "certified coding associate" as an additional credential qualifying for an exemption;
- (2) Deleting "certified coding specialist – physician based" from the listed credentials; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

It is the intent of your Committee on Conference that the statutory exemption for "certified coding specialist" includes an exemption for the credential of "certified coding specialist – physician based".

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2290, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2290, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 64 on S.B. No. 2526**

The purpose of this measure is to require state and county agencies having contracts, programs, and services covered under the parental preference law, to report annually to the legislature on the effect of implementation of that law.

Section 577-7.5, Hawaii Revised Statutes (HRS), relating to eliminating parental preferences in government contracts, programs, and services was enacted by Act 301, Session Laws of Hawaii (SLH) 2001, and will become effective July 1, 2002. Because of the importance of maintaining the integrity of a functional family in child-rearing, your Committee on Conference believes that the legislature should be informed of the progress in implementing Act 301, SLH. The mandates of the law could be difficult to implement in the short term, but should be feasible in the long term as the internal administrative system evolves over a period of time.

Your Committee on Conference has amended this measure by deleting "on the effect of" before "the implementation of this section", at page 3, line 3 of the H.D. 1.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2526, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2526, S.D. 2, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 65 on S.B. No. 2786**

The purpose of this measure is to further standardize the operations of the Hoisting Machine Operators Advisory Board.

Specifically, the measure places the Board within the Department of Labor and Industrial Relations for administrative purposes, and authorizes the Board to employ a half-time Executive Director and fix the Executive Director's compensation.

Your Committee on Conference finds that article V, section 6 of the state constitution requires state executive branch agencies to be placed within the principal departments of the executive branch of state government unless they are agencies or commissions that are either temporary or for special purposes.

In accordance with this constitutional requirement, the measure corrects an oversight in the occupational safety and health law, namely, the failure to place the hoisting machine operators advisory board within an executive department, by attaching that board to the Department of Labor and Industrial Relations for administrative purposes. Your Committee on Conference believes that without this amendment, the actions of the Board could be challenged on constitutional grounds.

In addition, your Committee on Conference finds that the hiring of a half-time Executive Director will greatly assist the Board in performing a number of necessary functions, such as scheduling meetings, receiving and reviewing certification applications, and

disseminating application materials, and that funding for the position would be through the assessment of fees from the certification of hoisting machine operators.

Upon further deliberation, your Committee on Conference has amended the measure by deleting the reference to Chapter 77, Hawaii Revised Statutes, since this chapter will be repealed on July 1, 2002, as part of the amendments made to the Hawaii Revised Statutes by Act 253, Session Laws of Hawaii 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2786, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2786, S.D. 1, H.D. 1, C.D. 1.

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

Senators Nakata, Hanabusa, Chumbley, Ihara, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senators Chumbley and Ihara were excused.)

#### **Conf. Com. Rep. 66 on S.B. No. 796**

The purpose of the H.D. 2, of this measure was to provide immunity for county lifeguards, and the county or State that employs them, from liability against damages arising from the acts or omissions of lifeguards while performing emergency lifeguard services.

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

The C.D. 1 version amended the H.D. 2 version by:

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

The C.D. 1 provided immunity for county lifeguards, and the county or State that employs them, from liability against damages arising from the acts or omissions of lifeguards while performing rescue, resuscitative, and other lifeguard services at state and county beaches and beach parks.

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

- (1) Deleting the "inattention to duty" language;
- (2) Providing that immunity extends only to lifeguard services within the county lifeguard's scope of employment provided on the beach or in the ocean;
- (3) Deleting the exception relating to the broad waiver of tort liability for the State because the State is given immunity in this measure specifically limited to acts or omissions of lifeguards while performing lifeguard services;
- (4) Extending the sunset provision in Act 190, Session Laws of Hawaii 1996, from June 30, 2003, to June 30, 2007; and
- (5) Adding a sunset provision to allow a reasonable time for the construction of lifeguard facilities, hiring and training of additional lifeguards and establishing sufficient experience to evaluate the need for continued immunity in the future.

The C.D. 2 is intended to provide the State and counties with qualified immunity so that lifeguards can be stationed at dangerous beaches, while appropriately limiting such immunity to acts or omissions committed while providing rescue or resuscitative actions or other emergency lifeguard services on the beach. The sunset provision will allow for an evaluation of this measure after sufficient experience has been obtained.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 796, S.D. 1, H.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 796, S.D. 1, H.D. 2, C.D. 2.

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

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

**Conf. Com. Rep. 67 on S.B. No. 940**

The purpose of this measure is to clarify the rights and obligations of health insurers, mutual benefit societies, and health maintenance organizations with regard to the health coverage rights of persons with third-party claims for damages.

Refusing to provide or limiting health coverage to persons who have third-party claims for damages is not permitted, except for reimbursement under section 663-10, Hawaii Revised Statutes (HRS). This measure makes such acts unfair insurance practices under article 13 of the insurance code to eliminate any doubt that health insurers have always been subject to these limitations under section 663-10, HRS. Health insurers continue to be entitled to reimbursement of their subrogation liens under section 663-10, HRS.

Your Committee on Conference has amended this measure to give health insurers the right to refuse or limit coverage until workers' compensation or motor vehicle insurance personal injury protection (PIP) medical benefits are used to pay applicable medical expenses. This will avoid duplicate payments for the same expense or shifting those expenses to health insurance. Persons with workers' compensation or motor vehicle insurance PIP benefits must use those benefits first before applicable health insurance. This provision does not apply to workplace or motor vehicle liability coverage. Thus, the limited exemption provided in section 431:13-103(a)(10)(C)(i), HRS, is intended to apply only to the extent that the claimant has workers' compensation or motor vehicle PIP medical coverage available to pay applicable medical expenses. The exemption does not extend to liability, uninsured, or underinsured motorist benefits, and health insurers may not refuse to provide or limit coverage because a claimant may be entitled to recover under those coverages.

Under this measure, as amended, health insurers are also given the right to require reasonable notice of third party claims and reasonable cooperation in providing sufficient information. Claimants who intentionally seek to evade their reimbursement obligations will waive their rights. Reimbursement of payments made because of untimely notice is provided to protect health insurers and avoid forfeiture. Insurers and claimants are given the option of submitting disputes to impartial binding arbitration, if both insurer and claimant agree. It is intended that the consumer have an independent right and opportunity to select arbitration or court proceedings, rather than having it imposed as a policy or contract term. Health insurers are given the right to adequate discovery in both arbitration and court proceedings to obtain required information.

This measure provides a fair balance between the rights of health insurers to recover reimbursement for their payments and protection for consumers to retain adequate health coverage and redress for injuries. This measure, as amended, should eliminate any confusion caused by Act 29, Session Laws of Hawaii 2000, and clarify that Act 29 had no effect on the rights and obligations imposed on health insurers by section 663-10, HRS.

Your Committee on Conference has also amended this measure to provide that it shall become effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 940, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 940, H.D. 2, C.D. 1.

Representatives Hiraki, Hamakawa, Takamine, Chang, Pendleton and Whalen.  
Managers on the part of the House.  
(Representatives Pendleton and Whalen were excused.)

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

**Conf. Com. Rep. 68 on S.B. No. 2075**

The purpose of this measure is to allow licensed dental hygienists to operate under the general or direct supervision of a licensed dentist in public health settings.

Hawaii's children suffer from high rates of dental caries and baby bottle tooth decay. The Dental Health Division of the Department of Health, which provides dental hygiene services in Hawaii's public schools, is only able to access one third of the schools every third year due to budgetary constraints. In addition, many adults lack proper dental care due to lack of insurance or the unavailability of dental care in rural areas.

To address the need for better access to dental care, this measure authorizes licensed dental hygienists to provide dental education and fluoride application services under the direct or general supervision of a licensed dentist in public health settings. "Public health setting" is defined to include nursing homes, adult day care centers, assisted living facilities, mental institutions, and nonprofit health clinics, in addition to currently authorized public health settings for the provision of dental hygiene services. Direct reimbursements to dental hygienists practicing in public health settings is prohibited. In addition, this measure requires all dental hygienists to complete courses in pharmacology and medical emergencies.

Your Committee has amended this measure by replacing its contents with the language of S.B. No. 2075, S.D. 2. As amended, this measure:

- (1) Contains legislative findings and purpose provisions;
- (2) Includes hospitals within the definition of "public health setting";
- (3) Allows dental hygienists to conduct dental screenings in public health settings;
- (4) Limits the requirement that the provision of dental hygiene services in public health settings be prescreened and authorized by a supervising licensed dentist to the provision of services other than dental education, dental screening, and fluoride application;



- (5) Removes the limitation on the category of nursing home patients that may receive services from a dental hygienist;
- (6) Removes the requirement of coursework in pharmacology and medical emergencies for dental hygienists;
- (7) Requires the Board of Dental Examiners to study the effects of this measure as it relates to the safety and efficacy of providing dental hygiene services in public health settings, and to report its findings to the 2007 Legislature; and
- (8) Takes effect upon its approval, rather than on July 1, 2050.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2075, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2075, S.D. 2, H.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Hiraki, Nakasone, Jaffe and Whalen.  
Managers on the part of the House.  
(Representative Whalen was excused.)

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

#### **Conf. Com. Rep. 69 on S.B. No. 2309**

The purpose of this measure is to prohibit the operation of ocean watercraft more than a mile from shore unless the vessel is equipped with either a VHF-FM radio or an Emergency Position Indicating Radio Beacon (EPIRB).

Your Committee on Conference finds that recreational boaters are often in grave danger when their vessel becomes disabled or lost at sea. Although Hawaii's marine rescue personnel, including the United States Coast Guard personnel stationed here, are extremely skilled at locating and rescuing lost boaters, rescue efforts are immeasurably more difficult when the vessel operators do not carry a device to notify rescue personnel of their location.

Moreover, search and rescue efforts are extremely costly, and the longer a search and rescue operation takes, the greater the cost to the State. Therefore, your Committee on Conference agrees with the intent of this measure.

Your Committee on Conference amended this measure to reinstate the provisions of the S.D. 1 version, which contained technical language differences from the H.D. 2 version with regard to the vessels covered by this measure.

Your Committee on Conference further amended this measure to fully exempt all canoes, jet skis, surfboards, and paddleboards. As amended, users of kayaks and training sailboats must carry a VHF-FM radio or EPIRB when operating more than a mile from shore, unless accompanied by a vessel that carries such a device.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2309, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2309, S.D. 1, H.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 70 on S.B. No. 2824**

The purpose of this measure is to conform the Hawaii State tax laws with the Internal Revenue Code.

Your Committee on Conference finds that Hawaii's income tax law does not automatically conform to changes made by Congress to the Internal Revenue Code (IRC). Hawaii law requires the Department of Taxation (Department) to introduce legislation each year that may include changes in the IRC made by Congress in the previous year, pursuant to section 235-2.5(c), Hawaii Revised Statutes.

This measure will apply the IRC, as amended, "as of December 31, 2001." Because President Bush signed the Job Creation and Worker Assistance Act of 2002 (JCWAA) into law on March 9, 2002, the JCWAA did not amend the IRC "as of December 31, 2001." The provisions of the JCWAA, therefore, are not applicable for Hawaii income tax purposes for the 2001 taxable year and subsequent years. The JCWAA includes a bonus depreciation deduction and an expansion of the net operating loss (NOL) carryback period from two to five years for NOLs in the 2001 or 2002 taxable years.

Your Committee on Conference has made technical amendments to more accurately reflect IRC references.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2824, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2824, S.D. 2, H.D. 1, C.D. 1.

Representatives Takamine, Espero and Djou.  
Managers on the part of the House.

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

**Conf. Com. Rep. 71 on S.B. No. 859**

The purpose of this measure is to establish an earned-time program under the Department of Public Safety (DPS) for incarcerated persons to be eligible for parole.

Your Committee on Conference notes the testimony of the DPS before the Senate Committee on the Judiciary on the S.D. 1, that Hawaii had a "good time credit" statutory provision which was repealed by Act 264, Session Laws of Hawaii 1967. Act 264 vested the Hawaii Paroling Authority (HPA) with the discretion to determine early parole. This measure is not intended to invade the authority of the HPA, because the inmate becomes "eligible" for parole upon meeting certain conditions. The authority to grant the parole still remains with the HPA.

Your Committee on Conference has amended this measure by changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 859, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 859, S.D. 1, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 72 on S.B. No. 720**

The purpose of this measure is to expand the prohibition against discrimination by the State against a person with disabilities and to extend the prohibition to county governments.

Your Committee on Conference finds that this measure will strengthen current law to ensure that individuals with disabilities have access to state and county government services and programs.

Your Committee on Conference has amended this measure to delete the word "solely" in relation to the prohibition against discrimination based on disability by a public entity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 720, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 720, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Hamakawa, Kawakami, Yonamine, Moses and Stonebraker.  
Managers on the part of the House.  
(Representatives Yonamine and Stonebraker were excused.)

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

**Conf. Com. Rep. 73 on S.B. No. 2337**

The purpose of this measure is to increase the penalties for the offense of racing on highways.

After much deliberation, your Committee on Conference agreed to use the provisions of the H.D. 2 version of this measure as a base for the C.D. 1 version. The House version amended section 291C-103, Hawaii Revised Statutes, to impose a fine of up to \$2,000 and imprisonment for up to one year, for persons convicted of racing on a highway while operating their vehicle at a speed exceeding the posted speed limit by at least 30 miles per hour.

In addition, your Committee on Conference amended this measure to provide additional penalties, as follows:

- (1) For an offense that occurs within five years of a prior conviction, a one-year license suspension; and
- (2) For an offense that occurs within five years of two prior convictions, a three-year license suspension. A vehicle owned by a defendant which is used in the commission of an offense and which has been used in the commission of two prior offenses that resulted in convictions may be subject to forfeiture under chapter 712A, Hawaii Revised Statutes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2337, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2337, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 74 on S.B. No. 2698**

The purpose of this measure is to address the Hawaii Supreme Court's findings in *State v. Eto Bani* by adding provisions to the sex offender registration law to require court overview of the release of sex offender information to the public.

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

- (1) Requiring a sex offender to provide the names and legal addresses of current and future educational institutions attended by or employing the sex offender including the starting and ending dates, in the registration information provided to the Attorney General's office;
- (2) Including the names and legal addresses of current and future educational institutions attended by or employing the sex offender including the starting and ending dates, in the registration information that can be disclosed to the public;
- (3) Adding the evidentiary standard of a "preponderance of the evidence" to the State's burden of proof, when the State is petitioning for public release of sex offender information;
- (4) Requiring the court, upon written findings, to order public release of information for a minimum of ten years up to a maximum of the offender's lifetime; provided that an offender with a lifetime determination may petition, once every ten years, for reconsideration by the court; and
- (5) Allows the court to relieve the sex offender from a lifetime determination upon written findings that the offender does not present a threat to the community and public release is no longer necessary.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2698, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2698, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 75 on S.B. No. 331**

The purpose of this measure is to streamline the administrative eviction process for public housing tenants while protecting tenants' rights to due process.

The current process for evicting public housing tenants is often slow and protracted, resulting in revenue losses to the State when tenants stop paying rent and contributing to the lack of sufficient public housing. However, earlier efforts to address this problem by replacing administrative eviction proceedings with judicial summary possession proceedings raised concerns about public housing tenants' abilities to defend themselves against an eviction under the judicial process.

This measure balances the need for more streamlined eviction procedures with tenants' needs for meaningful opportunities to contest an eviction by imposing additional pre-eviction requirements on the Housing and Community Development Corporation of Hawaii (HCDCH) that are intended to help tenants identify and resolve tenancy problems, clarifying that eviction hearings are contested case proceedings under the Administrative Procedure Act, requiring that the eviction board have a tenant member, requiring that tenants be provided the opportunity to cure a lease violation, and repealing the administrative appeal process.

Your Committee has amended this measure by:

- (1) Inserting a drop-dead date of July 1, 2007, and providing that eviction proceedings pending as of this date shall continue under the procedures established in this measure;
- (2) Requiring that the HCDCH submit a report to the Legislature in 2006 regarding evictions processed under the revised procedures and the effects of this measure on the eviction process, and proposing legislation to extend or repeal the sunset; and
- (3) Making a technical amendment for the purpose of clarification.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 331, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 331, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 76 on S.B. No. 2733**

The purpose of this measure is to clarify and make consistent the producer licensing laws and related insurance laws.

The Producer Licensing Act was enacted pursuant to Act 216, Session Laws of Hawaii (SLH) 2001, and goes into effect on July 1, 2002. This Act replaces the various regulatory schemes governing general agents, subagents, and solicitors with a single licensing scheme for insurance producers.

This measure reconciles inconsistencies in the insurance code and other insurance laws that resulted upon the adoption of the Act. This measure also reauthorizes the licensing of managing general agents as this authority was inadvertently repealed by Act 216, SLH 2001.

Your Committee has amended this measure by:

- (1) Replacing its contents with the language of the S.D. 2 version of the measure;
- (2) Repealing the bonding requirement for surplus lines brokers; and
- (3) Making technical amendments to correct internal references, and to reflect current statutory language and preferred drafting style.

The differences between this measure, as received, and as amended herein, are primarily stylistic in nature. However, your Committee was informed by the Insurance Division that, as amended herein, this measure will make Hawaii's law more uniform with the laws of the other states and satisfy the requirements of the National Association of Insurance Commissioners for license reciprocity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2733, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2733, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 77 on S.B. No. 2898**

The purpose of this measure is to establish a caves protection law to protect the unique cultural and natural resources found in caves throughout the State of Hawaii.

Your Committee on Conference finds that this measure is a critical step in protecting the fragile natural and cultural resources in Hawaii's caves, including human burials and other evidence of native Hawaiian use and traditions.

Your Committee on Conference has considered a number of concerns raised regarding this measure.

It is the intent of the Committee on Conference that if a "charge" is assessed, as defined in chapter 520, Hawaii Revised Statutes (HRS), a person shall be deemed to be engaged in commercial entry, as defined in this measure. It is also the intent of the Committee on Conference that the permitted land-altering activities in the definition of "construction context" refers to all activities allowed by law, including activities for which a formal permit may not be required. With regards to confidentiality issues raised by the Office of Information Practices, it is not the intent of your Committee on Conference to restrict access to information on cave locations and resources that is already a matter of public record.

Your Committee on Conference has amended this measure to:

- (1) Revise the confidentiality provisions to require the department to keep all government information on a cave confidential if an owner believes, after consultation with the department, that disclosure would be detrimental to protection of the cave;
- (2) Under criminal penalties, raise the fine for a first offense to \$1,000, and for any subsequent offense to \$1,500, clarify that penalties under this section do not limit imposition of penalties under chapter 6E, HRS, and that fines under this section shall not be suspended or waived;

- (3) Further detail and clarify the cumulative penalties;
- (4) Delete the theft provisions regarding funerary objects; and
- (5) Make technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2898, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2898, S.D. 2, H.D. 2, C.D. 1.

Representatives Morita, B. Oshiro and Bukoski.  
Managers on the part of the House.

Senators Inouye, Chun, Kanno, English, Ihara, Kokubun and Hemmings.  
Managers on the part of the Senate.  
(Senators Kanno and Ihara were excused.)

#### **Conf. Com. Rep. 78 on S.B. No. 2708**

The purpose of this measure is to authorize the Housing and Community Development Corporation of Hawaii (HCDCH) to waive the three-year buyback requirement for the sale of affordable housing.

In order to prevent speculative investment and preserve affordable housing, homeowners of affordable units in government-sponsored housing projects are prohibited from selling their homes on the open market for a specific number of years during which time the HCDCH retains the first option to buy back the property. Originally the buyback period was ten years, but when the residential market began to stabilize in the early to mid-1990s, resulting in the sale of market-priced homes at prices comparable to those of affordable homes, the legislature reduced the length of the buyback period.

Finding that the ten-year restriction was hindering the resale of affordable units by homeowners facing financial hardship and a developer's ability to compete in the residential market, the legislature in Act 272, Session Laws of Hawaii 1998, reduced the buyback period to three years and provided that the period would revert back to ten years on December 31, 2000. Act 99, Session Laws of Hawaii 2001 (Regular Session), reestablished the three-year buyback period for another three and one-half years and provided for the law to revert back to the ten-year restriction period on December 31, 2004.

Current market and economic conditions reduce the risk of speculation in the housing market. Therefore, this measure allows the HCDCH to waive the three-year buyback provision to allow the developers of affordable housing projects to compete on more equal footing with the developers of market-priced homes. Additionally, on December 31, 2004, the buyback period will revert back to ten years and HCDCH's waiver authority is repealed.

Your Committee has amended this measure by replacing its contents with the language of the Senate version of this measure, S.D. 1. As amended, this measure authorizes a temporary waiver of the buyback and use restrictions by amending statutory law, rather than by enacting session law.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2708, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2708, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 79 on S.B. No. 2234**

The purpose of this measure is to create the offense of failure to maintain age verification records of sexually exploited individuals.

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

- (1) Creating the offense of sexual exploitation of a minor;
- (2) Creating the offense of failure to maintain age verification records of sexual performers;
- (3) Creating the offense of disseminating visual depiction of sexual conduct without affixed information disclosing location of age verification records of sexual performers;
- (4) Adding definitions to section 712-1210, Hawaii Revised Statutes, to comport with the newly created offenses;
- (5) Including sexual exploitation of a minor within covered offenses subject to forfeiture of property upon conviction under section 712A-4, Hawaii Revised Statutes;

- (6) Adding a severability clause;
- (7) Requesting a report to the Legislature prior to the convening of the 2004 regular session, from each county prosecutor indicating the numbers of arrests, charges, convictions, and dismissals under the new offenses;
- (8) Changing the effective date to upon approval with a repeal of sexual exploitation provisions on July 1, 2004; and
- (9) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2234, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2234, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Kahikina, Hamakawa, Saiki, Djou and Meyer.  
Managers on the part of the House.  
(Representatives Saiki and Meyer were excused.)

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

#### **Conf. Com. Rep. 80 on S.B. No. 233**

The purpose of this measure is to clarify the definition of "Chiropractic", clarify the unauthorized practice of chiropractic violations subject to penalties, and insert the definition of chiropractic and chiropractic treatment into the motor vehicle insurance law.

This measure conforms the chiropractic standard of practice to that set forth by the United States Department of Education, and followed by accredited chiropractic colleges in the United States. The changes also clarify the practice of chiropractic in accordance with national accreditation standards of the Council of Chiropractic Education.

Your Committee on Conference has amended this measure as follows:

- (1) Adding that reimbursement for chiropractic treatment under workers' compensation is limited to treatment to only the human spinal column;
- (2) As to the definition of "Chiropractic":
  - (a) Clarifying the permissible scope of chiropractic treatment in relation to the anatomy of the human body;
  - (b) Allowing administrative rules to further clarify the definition, and to include the head, extremities, rib cage, abdomen, extraspinal manipulative treatment and evaluations, referral for laboratory examination of a specimen; and
  - (c) Deleting reference to the five spinal regions and to the definition of "Extraspinal";
- (3) As to the penalty section, retaining the current language, and adding "doctor of chiropractic", "chiropractic physician", and "diploma", with reference to the prohibited practice of chiropractic by any person other than a licensed chiropractic; and
- (4) Deleting the revision to section 431:10C-103.6, Hawaii Revised Statutes, relating to personal injury protection benefits.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 233, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 233, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Hiraki, B. Oshiro, Chang, Marumoto and Stonebraker.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 81 on S.B. No. 594**

The purpose of this measure is to establish the Neurotrauma Advisory Board and the Neurotrauma Special Fund, within the Department of Health.

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

- (1) Deleting information in the preamble regarding medical costs of neurotrauma;
- (2) Modifying the purposes of the special fund to include education on neurotrauma, assistance to individuals and their families to access services, and creation of a registry of neurotrauma injuries;

- (3) Directing the traumatic brain injury advisory board to consult with the neurotrauma advisory board in advising the Department of Health;
- (4) Providing a \$500,000 expenditure ceiling for the Neurotrauma Special Fund;
- (5) Changing the effective date of the surcharges on driving under the influence offenses to January 1, 2003; and
- (6) Making technical non-substantive changes for the purposes of clarity and style.

Your Committee notes that while the provision of funding to support direct services to neurotrauma survivors was deleted from this measure, it is contemplated that the Department of Health in consultation with the Neurotrauma Advisory Board, will gather data to determine the extent to which direct services could reasonably be funded within the limits of the resources available within the special fund. Your Committee further agrees that this issue can then be re-visited during the 2003 regular session.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 594, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 594, S.D. 1, H.D. 2, C.D. 1.

Representatives Arakaki, Hamakawa, Kawakami, Yonamine, Leong and McDermott.  
Managers on the part of the House.  
(Representatives Hamakawa and McDermott were excused.)

Senators Matsuura, Hanabusa, Kawamoto, Fukunaga and Hogue.  
Managers on the part of the Senate.  
(Senators Kawamoto and Fukunaga were excused.)

#### **Conf. Com. Rep. 82 on S.B. No. 733**

The purpose of this measure is to fix the employer assessment rate for the Employment and Training Fund at .01 per cent of taxable wages as of January 1, 2002, and to delete the sunset provision.

Your Committee finds that training the State's 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.

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

- (1) Requiring employers to contribute fifty percent, rather than up to fifty percent, of the cost of programs of the Employment and Training Fund;
- (2) Adding provisions recommended by the Auditor as contained in Auditor's Report No. 01-08, Audit of the Employment and Training Fund, that establish criteria and standards to effectively administer the programs and functions of the Employment and Training Fund; and
- (3) Changing the effective date from January 1, 2002, to July 1, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 733, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 733, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 83 on S.B. No. 3063**

The purpose of this measure is to support programs of the Department of Land and Natural Resources (DLNR) that benefit the environment by authorizing DLNR to develop environmentally-themed products for sale to the public to raise revenue.

Your Committee on Conference agreed to use the H.D. 2 version of this measure as a base for the C.D. 1. The House version of this measure differed from the Senate version primarily in that it mandated that any revenues raised from the sale of environmentally-themed products be used to benefit the environment in an area related to the environmental theme of the product sold. Your Conference Committee notes that DLNR must devise a system to track funds from various product sales to ensure that the proceeds are used for a purpose related to the environmental theme of the product sold.

Your Committee on Conference further amended this measure to direct that the funds raised from the sale of products authorized by this measure be deposited into the Endangered Species Trust Fund established pursuant to section 195D-31, Hawaii Revised Statutes, rather than into the Natural Area Reserve Fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3063, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3063, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 84 on S.B. No. 2757**

The purpose of this measure is to continue and clarify the reforms contained in Act 253, Session Laws of Hawaii 2000, otherwise known as the Civil Service Modernization Act.

Specifically, the measure:

- (1) Clarifies that the compensation of employees excluded from collective bargaining and whose pay is presently set by a salary commission shall continue to be set by the salary commission; and
- (2) Extends the sunset date for the Separation Incentive Program from June 30, 2002, to June 30, 2008.

Upon further deliberation, your Committee on Conference has amended the measure by changing the effective date from upon approval to June 30, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2757, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2757, S.D. 2, H.D. 2, C.D. 1.

Representatives Saiki, Nakasone and Moses.  
Managers on the part of the House.

Senators Nakata, Taniguchi, Ihara and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 85 on S.B. No. 2802**

The purpose of this measure is to authorize the board of land and natural resources to lease public lands to renewable energy producers through direct negotiation.

Your Committee on Conference finds that the provisions of this measure will encourage the development of renewable energy projects and reduce the State's dependency on fossil fuels.

Your Committee on Conference has amended this measure to reinstate the reference to the definition of "public utility" as defined in section 269-1, Hawaii Revised Statutes (HRS), delete the definition of "public utility" set out in section 171-95, HRS, and make the Act effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2802, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2802, S.D. 2, H.D. 2, C.D. 1.

Representatives Kanohe, Morita, Magaoay, Jaffe and Meyer.  
Managers on the part of the House.

Senators Inouye, Menor, Taniguchi, Chun Oakland, Matsunaga and Slom.  
Managers on the part of the Senate.  
(Senators Taniguchi, Chun Oakland were excused.)

**Conf. Com. Rep. 86 on S.B. No. 2763**

The purpose of this measure is to establish the Hawaii Birth Defects Program and the Hawaii Birth Defects special fund to support the program.

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

- (1) Inserting definitions of "Adverse reproductive outcome", "Birth defect", "Institutional review board", "Registry", "Research", and "Researcher" into the new part;
- (2) Increasing the marriage license fee by \$10 and earmarking the increase for deposit into the Hawaii Birth Defects special fund;
- (3) Establishing a \$200,000 expenditure ceiling for the Hawaii Birth Defects special fund; and



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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2763, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2763, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Kawakami and Stonebraker.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 87 on S.B. No. 2775**

The purpose of this measure is to appropriate \$1 in general funds for fiscal year 2001-2002 to repay funds advanced by the State, and to pay for mandated and rural healthcare costs for fiscal year 2001-2002.

Your Committee on Conference finds that the Hawaii Health Systems Corporation and its facilities play an important role in providing medical services and care to the people of Hawaii, especially on the Neighbor Islands. This measure will ensure that the Hawaii Health Systems Corporation meets its fiscal obligations in providing services to members of the general public who need hospital-based services.

Your Committee has amended this measure by changing the amount of the appropriation from \$1 to \$5,000,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2775, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2775, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 88 on S.B. No. 2682**

The purpose of this measure is to satisfy the claims against the State for refunds of taxes, judgments and settlements, and for other miscellaneous payments as provided by law.

This bill serves as the vehicle by which claims against the State are transmitted to the Legislature for its consideration.

Your Committee has amended the bill by adopting the recommendations of the Attorney General to add sixteen additional claims totaling \$2,454,378.44. The claims include:

(1)	<u>Kobayashi, et al. v. State of Hawaii</u>	\$8,000;
(2)	<u>Lista v. State of Hawaii, et al.</u>	\$22,042.18;
(3)	<u>Suntera v. Quinn, et al.</u>	\$75,000;
(4)	<u>Kobayashi, et al. v. State of Hawaii</u>	\$8,000;
(5)	<u>Shimizu v. State of Hawaii, et al.</u>	\$30,000;
(6)	<u>Kihara, et al. v. Chandler</u>	\$1,683,541.44;
(7)	<u>Akau v. State of Hawaii</u>	\$15,000;
(8)	<u>Barona v. State of Hawaii</u>	\$42,500;
(9)	<u>Hernandez v. State of Hawaii</u>	\$17,500;
(10)	<u>Lawrence v. Akana, et al.</u>	\$10,000;
(11)	<u>Fernandez, et al. v. State of Hawaii</u>	\$75,000;
(12)	<u>Carvalho v. State of Hawaii</u>	\$75,000;
(13)	<u>Kramer v. Ellett, et al.</u>	\$26,132.32;
(14)	<u>Le, San Thi, et al. v. Kent Yasuda and State of Hawaii, et al.</u>	\$200,000;
(15)	<u>Silva v. University of Hawaii, et al.</u>	\$138,162.50;
(16)	<u>Hoshijo, et al. v. State of Hawaii</u>	\$25,000; and
(17)	<u>Eastman, Meka</u>	\$3,500.

Items (1) and (4) above represent the same claim paid from two different sources.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2682, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2682, S.D. 1, H.D. 2, C.D. 1.

Representatives Hamakawa, Takamine and Marumoto.

Managers on the part of the House.

Senators Hanabusa, Chun Oakland and Ige.

Managers on the part of the Senate.

(Senator Ige was excused.)

**Conf. Com. Rep. 89 on S.B. No. 2350**

The purposes of this measure are to:

- (1) Establish a transient accommodations tax (TAT) trust fund as a holding account for TAT revenues to supplement shortfalls in the tourism special fund, provided that any moneys not needed to reach the annual cap of \$64,292,000 to the tourism special fund shall be credited to the general fund;
- (2) Cap TAT revenues to the tourism special fund at \$64,292,000, and allocate up to \$2,000,000 of any revenues in excess of \$62,292,000 for natural resources, with ninety per cent to the state parks special fund and ten per cent to the Hawaii statewide trail and access program; and
- (3) Change the allocation of TAT revenues to the tourism special fund from 37.9 per cent to 32.6 per cent and allocate 5.3 per cent of the TAT to the transient accommodations trust fund.

Your Committee on Conference finds that this measure will provide additional funding for Hawaii's parks and trails, which are used by visitors and residents alike, while continuing to provide a secure source of funds for tourism promotion and visitor industry research.

Your Committee on Conference has amended this measure to:

- (1) Cap the TAT revenues to the tourism special fund at \$63,292,000;
- (2) Reduce the maximum allocation to state parks and trails to \$1,000,000;
- (3) Require the Hawaii tourism authority to spend \$1,000,000 in the tourism special fund to support efforts to manage, improve, and protect Hawaii's natural environment and areas frequented by visitors; and
- (4) Make technical, nonsubstantive amendments for purposes of style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2350, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2350, S.D. 2, H.D. 2, C.D. 1.

Representatives Chang, Suzuki and Marumoto.

Managers on the part of the House.

Senators Kim, Taniguchi, Inouye, Sakamoto and Slom.

Managers on the part of the Senate.

(Senators Inouye and Sakamoto were excused.)

**Conf. Com. Rep. 90 on S.B. No. 2666**

The purpose of this measure is to establish a seal of quality program for fresh and processed agricultural products that are produced within the State.

Your Committee on Conference finds that Hawaii's agricultural products inherently maintain a distinct and well-deserved reputation of freshness, value, and quality in the market. In order to compete nationally and internationally, there needs to be a consolidated and uniform method of indicating that an agricultural product originates from Hawaii and carries with it Hawaii's valuable goodwill. Establishing a seal of quality program would ensure that only products that have been substantially fabricated or have had a substantial portion of their value added in Hawaii will be presented to consumers as genuine Hawaii products. Your Committee on Conference finds that this measure establishes a program that provides Hawaii's agriculture industry a labeling standard that preserves and enhances the value of their Hawaiian products.

Your Committee on Conference has amended this measure by:

- (1) Requiring nonprofit corporations contracted pursuant to the seal of quality program to develop the marketing programs for licensed products, issue licenses and collect the license fees, and to develop promotional materials and establish and collect fees for their usage;
- (2) Providing that these nonprofit corporations may assist the Department of Agriculture in monitoring compliance with the seal of quality program and may accept gifts or grants from public agencies or other sources;
- (3) Mandating the Department of Agriculture to adopt rules as necessary to implement the seal of quality program;
- (4) Eliminating the provisions that establish a seal of quality special fund; and

- (5) Making technical, nonsubstantive changes to accommodate the foregoing amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2666, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2666, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 91 on S.B. No. 706**

The purpose of this bill is to:

- (1) Authorize the issuance of \$100,000,000 in general obligation bonds for deposit into the hurricane reserve trust fund;
- (2) Transfer \$100,000,000 from the hurricane reserve trust fund to the general fund to be used by the Hawaii hurricane relief fund;
- (3) Appropriate funds for numerous state programs; and
- (4) Establish a pilot loss mitigation grant program to provide grants for the installation of wind-resistive devices.

Your Committee has amended this measure by:

- (1) Codifying the loss mitigation grant program in the insurance code;
- (2) Requiring the annual interest in the hurricane reserve trust fund to be transferred to the general fund;
- (3) Reducing from \$5,000,000 to \$2,000,000 the amount to be transferred into the loss mitigation grant fund and replacing the hurricane reserve trust fund with the general fund as the source of the transfer;
- (4) Reducing from \$100,000,000 to \$29,000,000 the amount to be transferred from the hurricane reserve trust fund to the general fund, to be used by the Hawaii hurricane relief fund;
- (5) Deleting the authorization to issue general obligation bonds for deposit into the hurricane reserve trust fund; and
- (6) Deleting the appropriations to the numerous state programs.

Your Committee finds that funds from the inactive hurricane reserve trust fund should continue to be used for purposes related to the hurricane insurance law and should not be used to cover up budget shortfalls in other state programs.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 706, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 706, S.D. 1, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 92 on S.B. No. 23**

The purpose of this bill is to authorize paid leave for state and county employees performing disaster relief services as a certified American Red Cross disaster volunteer.

Your Committee on Conference has amended this measure by:

- (1) Deleting language specifying the exact number of days of paid leave of absence the Chief Executive may grant a state or county employee performing disaster relief services as a certified American Red Cross disaster volunteer;
- (2) Specifying that the compensation for those regular hours during which the employee is absent from work to perform disaster relief services for the American Red Cross shall be determined by the Chief Executive;
- (3) Specifying that the duration of the leave of absence granted an employee performing disaster relief services for the American Red Cross shall be determined by the Chief Executive;

- (4) Defining the Chief Executive as the Governor, the respective mayors, the Chief Justice of the Supreme Court, and the chief executive officer of the Hawaii Health Systems Corporation. The term may also include the Superintendent of Education and the President of the University of Hawaii; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 23, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 23, S.D. 2, H.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 93 on S.B. No. 2078**

The purpose of this bill, as received, is to require the Employees' Retirement System (ERS) to pay interest on pensions that are not processed and issued within 90 days of a member's retirement.

Your Committee on Conference has amended this measure by deleting its contents and inserting language that enables individuals who:

- (1) After June 30, 2002, have at least 10 years of credited service as a firefighter and are deemed permanently medically disqualified to be a firefighter due to a service related disability by the employer's physician; and
- (2) Continue employment in a class A or B contributory position other than a firefighter,

to have a retirement allowance of 2.5 percent of the individual's average final compensation for credited years of service as a firefighter upon retirement.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2078, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2078, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 94 on S.B. No. 2724**

The purpose of this measure is to repeal the Real Estate Commission's authority to arbitrate disputes involving housing cooperatives, allow a principal broker to delegate management duties, but not accountability, to a broker in charge, and repeal duplicative registration and fidelity bond requirements for condominium managing agents who are real estate brokers in good standing.

Your Committee has amended this measure to:

- (1) Preclude a Hawaii-licensed salesperson with an encumbered license from taking the real estate broker's examination;
- (2) Allow a person holding a current, unencumbered license issued by another state or a jurisdiction recognized by the Association of Real Estate Law officials, with equivalent licensing requirements to take the real estate broker's examination;
- (3) Clarify that a broker in charge may certify the experience of a real estate salesperson for the purpose of qualifying for the broker examination;
- (4) Allow an out-of-state licensee to be granted full equivalency for the broker's examination experience requirement, but to preclude a real estate salesperson with an encumbered out-of-state license from qualifying for equivalency;
- (5) Allow a Hawaii licensee who holds an unencumbered license in another state to receive credit towards the continuing education requirement for license renewal based on continuing education completed in the other state, but only with respect to the elective credits requirement; and
- (6) Establish a \$25 fee for equivalency determination applications, pending the adoption of administrative rules.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2724, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2724, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 95 on S.B. No. 2737**

The purpose of this measure is to extend immunity to public and private agencies and entities engaged in civil defense functions, including the various branches of the military, the national guard, public utilities, and private entities.

Your Committee on Conference amended the bill by reformatting its provisions to:

- (1) Clarify that the public and private agencies and entities listed shall have immunity only from civil liability when engaged in civil defense functions; and
- (2) Separate the provisions regarding armed forces personnel, to clearly provide both civil and criminal immunity to the United States army, air force, navy, marines or coast guard, and the national guard from any other state when assisting civil authorities engaged in civil defense functions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2737, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2737, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 96 on S.B. No. 1188**

The purpose of this measure is to require that any person convicted for the first time for a nonviolent drug possession or use offense be sentenced to probation and community service.

This measure also requires:

- (1) The paroling authority not to revoke parole for the first violation of a nonviolent drug-related parole condition if the defendant undergoes drug treatment;
- (2) The court not to revoke probation for the first violation of a nonviolent drug-related probation condition;
- (3) The establishment of interagency coordination through an interagency cooperative agreement to oversee the development and implementation of offender substance abuse treatment programs;
- (4) The expungement of a nonviolent drug possession offense if the defendant completes a mandated drug treatment program; and
- (5) An exemption from drug court for sentencing under this Act.

Your Committee on Conference finds that the link between substance abuse and crime is well established. Your Committee does not wish to diminish the seriousness of crime, but looks to approaching crime as being the result of addiction that is treatable. The treatment route is expected to produce a reduction in crime and recidivism. The intent of this measure is to promote treatment of nonviolent substance abuse offenders, rather than incarceration, as being in the best interests of the individual and the community at large.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that first time non-violent drug offenders, including probation and parole violators, be sentenced to undergo and complete drug treatment instead of incarceration;
- (2) Deleting references to:
  - (a) Definition of "nonviolent drug possession offense";
  - (b) Exemption from drug court;
  - (c) Conditions for an exception to the new sentencing provision;

- (d) Amendments to chapter 353G, Hawaii Revised Statutes, relating to criminal offender treatment Act; and
- (e) The Department of Health conducting an inventory of existing substance abuse programs and developing a "best practice" service guide;
- (3) Defining "drug treatment program";
- (4) Adding the offense of possession of drug paraphernalia as a qualifying offense;
- (5) Requiring the Hawaii Paroling Authority to conduct a review of current incarcerated persons who may qualify under this Act and to grant them parole;
- (6) Clarifying the expungement provision, on recommendation of the Attorney General;
- (7) Clarifying that the potentially eligible person must not have any violent felony convictions for five years;
- (8) Requiring the coordinating body to meet at least quarterly in a meeting subject to chapter 92, Hawaii Revised Statutes;
- (9) Clarifying that the person sentenced to probation under this measure who fails to complete the drug treatment program, will be returned to court for further sentencing if no other suitable treatment is amenable to the offender;
- (10) Adding that the provisions of this measure do not give rise to a cause of action against the State, state employees, or treatment providers;
- (11) Making appropriate statutory conforming amendments;
- (12) Deleting all appropriations; and
- (13) Changing the effective date to July 1, 2002.

Your Committee on Conference intends the term "conviction for any violent felony" to refer to a conviction for an offense against the person that involves the use of violence.

Your Committee on Conference intends that funding for this measure work in concert with the final draft of H.B. No. 1245.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1188, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1188, S.D. 2, H.D. 2, C.D. 1.

Representatives Garcia, Arakaki, Nakasone, Espero, Auwae and Leong.  
Managers on the part of the House.  
(Representatives Nakasone and Leong were excused.)

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

#### **Conf. Com. Rep. 97 on S.B. No. 2416**

The purpose of this measure is to establish a long-term care financing program to assist Hawaii citizens in paying for long-term care services.

This measure is a product of the Joint Legislative Committee on Long-Term Care, formed pursuant to S.C.R. No. 23, C.D. 1, 2001, to develop and implement a plan for a dedicated source of revenue to provide a state—funded long—term care services system.

Specifically, this measure establishes a board of trustees to establish a benefits package for three levels of care in ascending order of intensity beginning with home health care and ending with extended adult residential care home services (including hospital services), and a method for financing such benefits.

After further consideration, your Committee on Conference has amended this measure by including the provisions common to S.B. No. 2416, H.D. 2, and H.B. No. 2638, S.D. 1. All appropriations in the H.D. 2 were deleted. As amended, this measure provides:

- (1) A purpose section, which is a shortened version of the purpose section in H.B. No. 2638, S.D. 1;
- (2) A definition section defining the term "long-term care services", from H.B. No. 2638, S.D. 1, to give the temporary trustees direction to pursue their plan;
- (3) Establishment of a temporary board of trustees, appointed by the Governor, to design a tax-based long-term care system to finance long-term care services and to report to the 2003 Session. The Governor or designee serves as an ex officio member of the temporary board. The temporary board, among other things, would plan for a permanent board of trustees, and consider for purposes of its report, S.B. No. 2416 and H.B. No. 2638 and all drafts thereto, Special Committee Report No. 4, on S.C.R. No. 23, 2001, and the actuarial report made pursuant thereto;
- (4) Establishment of the Hawaii long-term care benefits fund, beginning July 1, 2003, a provision common to both measures;

- (5) Specification for the investment parameters and fiduciary and other obligations of the permanent board of trustees, including an annual actuarial report and report to the legislature, a provision common to both measures;
- (6) Administrative expenses of the temporary board to be paid from moneys obtained through budget savings by the Governor; and
- (7) An appropriation of \$40,000, to the University of Hawaii at Manoa to convene a long-term care summit and to report to the legislature for the 2003 Session.

The intent of your Committee on Conference is that this measure enacts a statutory framework for the future development of a long-term care financing program. As such, this measure represents the initial step in an incremental progression of development of what is destined to become a model for the nation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2416, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2416, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Kawakami, Kahikina, Yonamine, Leong and McDermott.  
Managers on the part of the House.  
(Representatives Leong and McDermott were excused.)

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

#### **Conf. Com. Rep. 98 on S.B. No. 2867**

The purpose of this measure is to set Medicaid payment rates within fair compensation limits through an increased appropriation of state general funds and other federal funds.

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

- (1) Changing the purpose of this measure to prohibit the Department of Human Services from submitting proposed amendments to Medicaid plan to eliminate or diminish the DRI McGraw-Hill inflation component and return on equity program until the Legislature approves and fully funds a mandatory program to replace these factors;
- (2) Changing the first provision in Section 2 of this measure to reflect the new purpose;
- (3) Deleting the appropriation; and
- (4) Changing the effective date to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2867, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2867, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 99 on S.B. No. 2228**

The purpose of this measure is to authorize the issuance of up to \$10,000,000 in special purpose revenue bonds to assist the Hawaii Macadamia Tree, Incorporated in establishing a macadamia processing and production facility on the island of Hawaii.

Your Committee finds that macadamia nut processing and production can help fill the void created by the cessation of sugar operations in Hawaii, particularly in terms of jobs and revenues to the State.

Your Committee has amended this measure by changing the effective date to July 1, 2002, and making technical, nonsubstantive stylistic changes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2228, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2228, S.D. 1, H.D. 2, C.D. 1.

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

Senators Buen, Hanabusa, Tam, Inouye and Slom.  
Managers on the part of the Senate.

(Senator Slom was excused.)

**Conf. Com. Rep. 100 on S.B. No. 2907**

The purpose of this measure is to establish a tax credit for the private development of attractions and educational facilities at Ko Olina Resort and Marina.

Your Committee on Conference finds that this measure will spur the further development of Ko Olina and the surrounding area, to the benefit of residents and visitors alike.

Your Committee on Conference has amended this measure to:

- (1) Make the tax credit applicable for qualified costs incurred in the six taxable years from January 1, 2003, to December 31, 2008, up to a maximum of \$75,000,000 of credits for all six years, and a maximum of \$7,500,000 in any one year, in the aggregate for all qualified taxpayers;
- (2) Clarify that to qualify for the tax credit, a taxpayer shall have expended qualified costs on and be developing a world-class aquarium and marine science research facility, and shall dedicate one-half of taxable income of the aquarium to the State, beginning on the seventeenth year;
- (3) Require a qualified taxpayer, no later than March 31 of each year in which qualified costs were expended in the previous taxable year, to submit a written, certified statement to the director of taxation on the qualified costs and the tax credit claimed;
- (4) Include in the definition of "qualified costs" plans and design, and costs for equipment that is permanently affixed to a building or structure;
- (5) Make the Act effective upon approval for qualified costs incurred after December 31, 2002; and
- (6) Make technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2907, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2907, S.D. 2, H.D. 2, C.D. 1.

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

Senators Kim, Kawamoto, Taniguchi, Hanabusa, Sakamoto and Slom.  
Managers on the part of the Senate.  
(Senator Sakamoto was excused.)

**Conf. Com. Rep. 101 on H.B. No. 2512**

The purpose of this bill is to:

- (1) Establish the Public Health Nursing Services Special Fund (Fund) to receive and expend Medicaid funds for case management services for medically fragile children; and
- (2) Appropriate moneys for the Fund.

Your Committee on Conference has amended this bill by:

- (1) Inserting an appropriation amount of \$90,720; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2512, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2512, S.D. 2, C.D. 1.

Representatives Arakaki, Kahikina, Kawakami, Yonamine, Djou and Leong.  
Managers on the part of the House.  
(Representatives Yonamine and Djou were excused.)

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

**Conf. Com. Rep. 102 on H.B. No. 1595**

The purpose of this bill is to:



- (1) Ensure that adjustments in compensation and benefit packages for excluded civil service employees are at least equal to their counterparts and subordinates within the jurisdiction; and
- (2) Require that proposed adjustments are equivalent or not less than adjustments provided within the employer's jurisdiction.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that each jurisdiction shall provide adjustments for its respective excluded civil service employees based on recommendations from its respective personnel director;
- (2) Changing the effective date to July 1, 2002; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1595, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1595, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 103 on H.B. No. 2276**

The purpose of this bill is to provide that except for cost items and any non-cost items that are tied to or bargained against cost items, all provisions in the agreement that are in conformance with this chapter shall be valid and enforceable and shall be effective as specified in the agreement.

Your Committee on Conference has amended this measure by changing the effective date to July 1, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2276, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2276, H.D. 2, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 104 on H.B. No. 2500**

The purpose of this bill is to correct statutory references and make other clarifying amendments to make the law consistent with civil service reform initiatives enacted by Act 253, Session Laws of Hawaii 2000.

Your Committee on Conference has amended this measure by:

- (1) Specifying that teaching assistants, educational assistants, bilingual/bicultural school-home assistants, school psychologists, psychological examiners, speech pathologists, athletic health care trainers, alternative school work study assistants, alternative school educational/supportive services specialists, alternative school project coordinators, and communications aides within the Department of Education shall be exempt from civil service requirements effective July 1, 2003; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2500, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2500, H.D. 1, S.D. 1, C.D. 1.

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

Senators Nakata, Hanabusa, Chumbley, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senators Chumbley and Slom were excused.)

**Conf. Com. Rep. 105 on H.B. No. 2525**

The purpose of this bill is to maintain a fair public works bidding process by ensuring that when contractors bid on public works construction projects, it is done pursuant to standards that are fair, equitable, and uniformly applied.

Specifically, this bill:

- (1) Clarifies that chapter 104, Hawaii Revised Statutes (the law regarding wages and hours of employees on public works), applies to every public works contract in excess of \$2,000 regardless of whether prevailing wage, overtime, and other requirements are stated in a contract or the contracts specifications;
- (2) Requires each bidder on a public works construction project to submit a signed affidavit to the governmental contracting agency attesting to the bidder's acknowledgement of and intent to comply with chapter 104, HRS;
- (3) Specifies that failure by the contracting agency to include prevailing wage, overtime, and other requirements in a contract in excess of \$2,000 for construction of a public work project shall not be used as a defense by a contractor or subcontractor for noncompliance with chapter 104, HRS; and
- (4) Authorizes the disclosure of the terms of a collective bargaining agreement to any federal or state agency authorized to enforce chapter 104, HRS.

Your Committee on Conference has amended this measure by:

- (1) Deleting the requirement for each bidder to submit a signed affidavit to the governmental contracting agency attesting to the bidder's acknowledgement of and intent to comply with chapter 104, HRS.
- (2) Adding a new section to chapter 103, Hawaii Revised Statutes, specifying the wage and hour requirements of employees on public works construction contracts;
- (3) Requiring that any bidder or offeror affirm their intent to comply with the requirements of chapter 104, HRS, through certification prior to entering into any contract for construction of a public work project in excess of \$2,000; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2525, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2525, H.D. 1, S.D. 2, C.D. 1.

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

Senators Nakata, Hanabusa, Kawamoto, Kim and Sakamoto.  
Managers on the part of the Senate.  
(Senators Kim and Sakamoto were excused.)

#### **Conf. Com. Rep. 106 on H.B. No. 2018**

The purpose of this bill is to encourage lessees of State agricultural lands whose leases are about to expire to maintain productive use of these lands by providing greater certainty in their agricultural leases. This bill allows lessees, within five years of lease expiration, to petition the Department of Land and Natural Resources (DLNR) to issue a public notice to determine whether other persons are interested in bidding for a lease on the property. If the existing lessee is outbid, the new tenant shall compensate the existing lessee for the residual value of any improvements made. If no one is interested in bidding for the lease, DLNR shall negotiate a new lease with the existing lessee not to exceed the term of the previous lease.

Your Committee on Conference considered a simpler and less time-consuming process that involves the immediate re-auction of the lease. Upon further consideration, your Committee on Conference has amended this bill by deleting its substance and inserting provisions that:

- (1) Allow any qualified lessee of an agricultural lease, which has run at least thirty years and has less than five years remaining, to apply to DLNR for the re-auction of the lease;
- (2) Authorize DLNR to re-auction the lease with the written consent of any person or entity with an interest in, or subordinate to, the lease;
- (3) Authorize the Board of Land and Natural Resources to:
  - (a) Reject any application for re-auction if it determines that the land can be used for a public purpose or for a higher, better, or more appropriate use; and
  - (b) Establish additional qualification criteria and requirements for qualified lessees;
- (4) Require the qualified lessee to sign an agreement specifying that the existing lease shall be canceled at the conclusion of the re-auction, and that the qualified lessee shall indemnify the State from any claims resulting from the early termination of the existing lease; and
- (5) Repeal these provisions on July 1, 2007.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2018, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2018, H.D. 1, S.D. 2, C.D. 1.

Representatives Kanohe, Abinsay, Nakasone, Hale, Gomes and Moses.  
Managers on the part of the House.  
(Representatives Gomes and Moses were excused.)

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

**Conf. Com. Rep. 107 on H.B. No. 1950**

The purpose of this bill is to:

- (1) Establish the Medicaid Prescription Drug Expansion Program (Program) to make prescription drugs more affordable to individuals whose income is at or below three hundred percent of the federal poverty level;
- (2) Create the Medicaid Prescription Drug Rebate Special Fund (Special Fund) to accept rebates from pharmaceutical manufacturers to be used to expand Medicaid prescription drugs benefits;
- (3) Appropriate \$1,500,000 to the Special Fund to pay \$1 for each prescription written for a qualified individual and to pay for administrative costs of the Program; and
- (4) Require that the appropriated funds be reimbursed by the Program by the end of fiscal year 2004-2005 if sufficient manufacturers' rebates have been received to cover the appropriation amount.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the Special Fund may accept legislative appropriations;
- (2) Specifying that the Special Fund be used for the purposes of expanding Medicaid prescription drug benefits and administering the Program; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1950, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1950, S.D. 2, C.D. 1.

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

Senators Matsuura, Menor, Taniguchi, Buen, Fukunaga, Ige, Kim and Hemmings.  
Managers on the part of the Senate.  
(Senators Taniguchi, Fukunaga and Ige were excused.)

**Conf. Com. Rep. 108 on H.B. No. 2072**

The purpose of this bill is to appropriate moneys to the Housing and Community Development Corporation of Hawaii from the Emergency Budget and Reserve Fund to provide housing assistance to Hawaii's needy.

Your Committee on Conference finds that the State is still suffering from the financial effects of the events of September 11, 2001. Many people have lost their jobs and do not have enough regular income to make mortgage, rent, and utility payments and face the possibility of eviction, foreclosure, or the denial of vital utility services. This bill will help these people while they seek employment and prevent them from becoming homeless or suffer a financial burden that they cannot overcome.

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

- (1) Inserting a statement of findings and purposes;
- (2) Changing the appropriation from an unspecified amount to \$1,000,000; and
- (3) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2072, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2072, H.D. 2, S.D. 1, C.D. 1.

Representatives Kahikina, Kawakami and Rath.

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

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

**Conf. Com. Rep. 109 on H.B. No. 2638**

The purpose of this bill is to provide an equitable and affordable system of long-term care in Hawaii by establishing the Hawaii Long-term Care Financing Program (Program).

Specifically, this bill:

- (1) Establishes an interim board of trustees to design a tax-based long-term care system and determine the means of collection of a tax and determining the nature and amount of benefits;
- (2) Establishes the Hawaii Long-term Care Benefits Fund (Benefits Fund) into which will be deposited the moneys collected as long-term care income taxes;
- (3) Establishes the Board of Trustees of the Hawaii Long-term Care Benefits Fund within the Department of Budget and Finance (B&F) to administer the Program; and
- (4) Appropriate funds for the interim board of trustees to design the Program.

Your Committee on Conference has amended this bill by:

- (1) Specifying that the Program be placed within B&F for administrative purposes;
- (2) Establishing the temporary board of trustees within the Department of Health, Executive Office on Aging, for administrative purposes;
- (3) Appropriating \$100,000 to design the Program; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2638, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2638, H.D. 2, S.D. 1, C.D. 1.

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

Senators Matsuura, Hanabusa, Menor, Taniguchi, Chun Oakland and Fukunaga.  
Managers on the part of the Senate.  
(Senator Taniguchi was excused.)

**Conf. Com. Rep. 110 on H.B. No. 2311**

The purpose of this bill is to increase, from three to four, the number of circuit court judges in the second and third circuits.

Your Committee on Conference finds that recent increases in population and the number and complexity of court cases in the second and third circuits, warrant a corresponding expansion in judgeships and staff. The authorization of these positions will allow both circuits to provide smooth, efficient, and crucial judicial services to better serve their communities.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2002; and
- (2) Making technical, nonsubstantive amendments for style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2311, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2311, H.D. 2, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 111 on H.B. No. 2165**

The purpose of this bill is to:

- (1) Clarify that the Hawaii Teacher Standards Board (HTSB) has sole jurisdiction over the issuing, renewing, revoking, suspending, and reinstating of teacher licenses;
- (2) Adjust the appropriation for the operation of HTSB for fiscal year 2002-2003;
- (3) Require the Department of Human Resources Development, in addition to the Department of Education, to facilitate the transfer or establishment of positions as required by HTSB; and
- (4) Require all publishers of textbooks and other instructional materials who sell their products to the State, except for publishers of materials in the Hawaiian language, to furnish computer diskettes from which braille versions can be produced.

Your Committee on Conference finds that this bill will help to clarify the authority of HTSB and ensure that this body is able to complete the implementation of its new duties relating to teacher licensing. In addition, it will ensure that HTSB has the assistance of appropriate state agencies in transferring and establishing positions.

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

- (1) Reverting back to the original appropriation amount for HTSB operations;
- (2) Appropriating \$850,000 from the Hawaii Teacher Standards Board Special Fund to conduct the functions of HTSB; and
- (3) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2165, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2165, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Saiki, Suzuki, Schatz, Davis and Ontai.  
Managers on the part of the House.  
(Representatives Saiki and Davis were excused.)

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

**Conf. Com. Rep. 112 on H.B. No. 2353**

The purpose of this bill is to:

- (1) Require the Department of Education (DOE) to expand its statewide assessment program to include norm-referenced testing in reading and math as required by the No Child Left Behind Act of 2001 (NCLBA); and
- (2) Appropriate funds to expand the statewide assessment program.

Your Committee on Conference finds that expanding DOE's testing and assessment program will enhance the effectiveness of the State's Content and Performance Standards. NCLBA is an expansive piece of federal legislation that, among other things, requires testing of students during specific years to help track individual performance, school performance, and system performance. Your Committee on Conference finds that to the extent possible, the expanded testing required by this bill should be financed through federal funding provided through NCLBA.

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

- (1) Deleting the appropriation section and specifying that the provisions of the bill shall be funded through DOE's general fund appropriation and federal funds provided through NCLBA; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2353, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2353, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Suzuki and Ontai.  
Managers on the part of the House.

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

**Conf. Com. Rep. 113 on H.B. No. 2192**

The purpose of this bill is to improve the effectiveness and administration of the Hawaii Tourism Authority. Specifically, this bill, among other things:

- (1) Increases both the number and the areas of expertise of the members of the Hawaii Tourism Authority (HTA) board, and clarifies that it is a policy-making board;
- (2) Requires Senate confirmation of the executive director and caps the executive director's salary at 15 percent of the three percent of the tourism special fund authorized for administrative expenses;
- (3) Authorizes the HTA to take into account Hawaii's natural resources infrastructure when developing, coordinating, and implementing state policies and directions for tourism and related activities; provided that the HTA shall support the efforts of other state and county agencies to manage, improve, and protect Hawaii's natural environment and areas frequented by visitors;
- (4) Authorizes HTA the right to enter into contracts and agreements that focuses on visitors or promotes Hawaii as a business destination;
- (5) Limits HTA's authority to contract for administrative or oversight services for contracts relating to the promotion, development, and coordination of sports-related activities and events;
- (6) Requires legislative notice for HTA contracts over \$25,000; and
- (7) Requires at least every five years, a management and financial audit of all contracts and agreements valued at over \$15,000,000 to ensure that the HTA and its major contractors are in compliance with all relevant programmatic and financial requirements.

Your Committee on Conference finds that the HTA is beginning a new phase of its brief history. The search is underway for a new executive director, over half the current members of the board will be replaced by early July, and numerous changes in the management and operations of the HTA are underway as a result of the Auditor's Report No. 02-04, "Management Audit of the Hawaii Tourism Authority," issued in February 2002.

Your Committee on Conference welcomes these changes and believes they should result in a more effective agency that is held to a higher standard of accountability. The further adjustments in this measure will complement those already underway.

Your Committee on Conference remains concerned, however, about the level of legislative oversight necessary to ensure that the public's money is well spent. Members have considered additional contract and management restrictions, but have concluded that these may be premature at this time, given the new management that will be in place within a short time.

Members also discussed the compensation package for the new executive director, and how best to achieve some flexibility within the constraints of accountability for public moneys. Your Committee on Conference notes that the amendment to raise the cap on administrative expenses in the tourism special fund will ensure a competitive compensation package for the executive director, but strongly urges the HTA to regard this as a ceiling, and not the final compensation.

Your Committee on Conference has amended this measure by:

- (1) Raising the total number of members appointed by the Governor from lists submitted by the Legislature from four to six;
- (2) Requiring that no more than three members shall represent, be employed by, or be under contract to any one sector;
- (3) Deleting the provision requiring Senate confirmation of the executive director of the HTA;
- (4) Exempting the executive director from the employees' retirement system;
- (5) Limiting the compensation package, including salary, of the executive director to 15 per cent of the 3.5 percent authorized for administrative expenses;
- (6) Prohibiting private sector contributions for the final compensation package of the executive director;
- (7) Authorizing the HTA board to set the duties, responsibilities, hours of work, and other working conditions of the executive director;
- (8) Repealing the provision that the executive director be compensated at a salary level set by the Governor;
- (9) Deleting the restrictions on HTA's authority to contract for administrative or oversight services for contracts relating to the promotion, development, and coordination of sports-related activities and events;
- (10) Raising the cap on administrative expenses in the tourism special fund from 3 to 3.5 percent;
- (11) Requiring the HTA to reimburse the auditor for any expenditures incurred in the management and financial audit;
- (12) Specifying that the first audit shall be conducted within one year of the effective date of this measure; and
- (13) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference further wishes to note that the amendments to the tourism special fund contained in this measure are in no way in conflict with those made in S.B. No. 2350, S.D. 2, H.D. 2, C.D. 1.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2192, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2192, H.D. 1, S.D. 1, C.D. 1.

Representatives Chang, Suzuki and Marumoto.  
Managers on the part of the House.

Senators Kim, Taniguchi, English, Hanabusa and Slom.  
Managers on the part of the Senate.  
(Senators English and Hanabusa were excused.)

**Conf. Com. Rep. 114 on H.B. No. 1777**

This bill clarifies that the Public Utilities Commission, upon notice and hearing, may exempt a telecommunications provider from the public hearing and contested case requirements in rate-related matters.

Your Committee has amended this measure by replacing the reference to section "269.16" with a reference to "269-16."

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1777, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1777, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 115 on H.B. No. 2468**

The purpose of this bill is to authorize the Department of Commerce and Consumer Affairs (DCCA) to hire consultants to assist in reviewing cemetery and pre-need funeral authority license applications and other related regulatory matters.

Your Committee on Conference finds that there is an increasing need to regulate the funeral industry due to recent allegations of fraudulent practices on the Big Island and on the mainland. This measure allows DCCA to hire experts with skills in accounting, auditing law, and other areas, and have the expenses paid by the licensee whose application or activities require the retention of these consultants.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that a consultant's tasks shall include reviewing an applicant's filings and other related documentation for purposes of ensuring compliance with applicable law;
- (2) Requiring DCCA to obtain an applicant's prior written consent to continue review of a filing where the costs to be charged to the applicant will exceed \$25,000;
- (3) Providing an applicant the opportunity to withdraw the filing;
- (4) Changing the effective date to upon approval; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2468, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2468, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Yonamine and Moses.  
Managers on the part of the House.

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

**Conf. Com. Rep. 116 on H.B. No. 2164**

The purpose of this bill is to support teacher education and retention by strengthening the Hawaii Educator Loan Program (Program) and the Hawaii Educator Loan Program Special Fund (Fund) by:

- (1) Reducing the loan forgiveness period for teachers from ten years to six years;
- (2) Specifying a schedule of loan forgiveness to conform to the reduction in the loan forgiveness period;
- (3) Authorizing additional sources of funding for the Fund;
- (4) Establishing an appropriation ceiling for the Fund;
- (5) Declaring that funds remaining at the end of each fiscal year shall remain in the Fund and shall not lapse to the general fund;
- (6) Specifying that not more than five per cent of the total amount of outstanding loans may be used for administrative expenses of the Fund;
- (7) Expediting the implementation of the Program by exempting the University of Hawaii (UH) from the public notice and public hearing requirements under chapter 91, Hawaii Revised Statutes, when adopting rules for the Program;
- (8) Appropriating moneys to be deposited in the Fund;
- (9) Authorizing the expenditure of moneys from the Fund; and
- (10) Allowing collection agencies who enter into contracts with UH to collect delinquent loans from students to pass its fees on to the debtors.

Your Committee on Conference finds that Hawaii is faced with a severe teacher shortage that is projected to increase sharply if steps aren't taken to recruit and retain qualified educators. The Program shows great promise as a tool to attract prospective teachers to Hawaii and encourage them to teach here when they graduate. This bill will take further steps to enhance the Program and make it more attractive to future teachers.

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

- (1) Deleting the appropriations into and out of the Fund;
- (2) Deleting the appropriation ceiling for the Fund; and
- (3) Changing the effective date to upon approval for all sections.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2164, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2164, H.D. 2, S.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 117 on H.B. No. 2752**

The purpose of this bill is to encourage the repayment of student loans and deter future defaulters by authorizing the licensing authority to sanction individuals who default or breach any obligation under a state or federal student loan.

Your Committee on Conference finds that individuals who default on student loans create a significant taxpayer liability, and there are currently few sanctions available to deter defaulters. Allowing for the denial, suspension, or revocation of professional vocational licenses will act as a significant deterrent to defaulting on student loans and will decrease the unfair burden placed on taxpayers.

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

- (1) Expanding the application of sanctions to:
  - (A) Teachers;
  - (B) Insurance professionals;
  - (C) Nurses;
  - (D) Attorneys;
  - (E) Radiologic technologists and radiographers; and
  - (F) Other professionals licensed by the Department of Health;



- (2) Clarifying that nonfederal student loans administered by another state are not covered by this bill; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2752, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2752, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 118 on H.B. No. 2453**

The purpose of this bill is to assist small businesses participating in the Hawaii Capital Loan Program (Program) by providing more timely and market-aligned interest rates.

More specifically, this bill changes the frequency for adjusting the Program's loan interest rate from semiannually to the first day of each month.

Your Committee on Conference has amended this measure by making it effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2453, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2453, S.D. 1, C.D. 1.

Representatives Ahu Isa, Magaoay and Moses.  
Managers on the part of the House.

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

**Conf. Com. Rep. 119 on H.B. No. 2454**

The purpose of this bill is to minimize business failures and layoffs by making it easier for firms participating in the Hawaii Enterprise Zones (EZ) Partnership to fulfill their hiring requirements. This bill:

- (1) Allows EZ firms to fulfill their hiring requirements for any fiscal year that includes September 11, 2001, by using their average annual number of full-time employees as of August 31, 2001, rather than their average annual number at the end of the fiscal year;
- (2) Allows EZ firms to use their average annual number of full-time employees at the end of the fiscal year that includes September 11, 2001, as its base number of full-time employees if necessary to meet their hiring requirements in future fiscal years; and
- (3) Eliminates the use tax exemption for EZ firms.

Your Committee on Conference has amended this measure by making it effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2454, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2454, S.D. 1, C.D. 1.

Representatives Ahu Isa, Magaoay and Moses.  
Managers on the part of the House.

Senators Tam, Taniguchi, Buen, Hanabusa and Slom.  
Managers on the part of the Senate.  
(Senators Buen and Hanabusa were excused.)

**Conf. Com. Rep. 120 on H.B. No. 1969**

The purpose of this bill is to allow the Department of Education (DOE) to employ and contract attorneys to represent the DOE in civil actions and advise and assist in the lawful and efficient administration and operation of the DOE.

Your Committee on Conference finds that DOE cannot always obtain timely legal services from the Attorney General. The lack of timely legal advice can make it difficult for DOE to operate efficiently and result in significant losses of taxpayer dollars.

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

- (1) Specifying that the Board of Education shall be responsible for appointing or contracting attorneys for the benefit of DOE;
- (2) Clarifying that any attorney appointed or contracted shall not be considered a deputy attorney general; and
- (3) Making technical, nonsubstantive changes for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1969, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1969, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 121 on H.B. No. 2480**

The purpose of this bill is to improve the collection and disposition of school bus fares by establishing a School Bus Fare Revolving Fund (Revolving Fund). School bus fares collected by the State will be deposited into this Revolving Fund and disbursed to fund the operation of state-contracted school bus services.

Your Committee on Conference has amended this measure by appropriating \$2,000,000 out of the Revolving Fund for the purposes of this measure. Other technical, nonsubstantive amendments were made for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2480, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2480, H.D. 1, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 122 on H.B. No. 2212**

The purpose of this measure to control and eradicate invasive alien species by:

- (1) Establishing an evasive administrator/coordinator position to coordinate state activities to fight invasive species;
- (2) Authorizing the Departments of Agriculture, Health, and Land and Natural Resources to enter public or private premises, vessels, or aircraft within the State to examine, control, or eradicate invasive species; and
- (3) Designating the administrator/coordinator as the head of the Emergency Environmental Workforce.

Your Committee on Conference has amended this measure by:

- (1) Deleting the administrator/coordinator position and permitting the establishment of a Hawaii Invasive Species Council (Council);
- (2) Administratively attaching the Council to the Office of the Governor;
- (3) Specifying that the Council, if established, shall be composed of the President of the University of Hawaii and the heads of the Departments of Agriculture, Land and Natural Resources, Business, Economic Development, and Tourism, Health, Transportation, and Commerce and Consumer Affairs, with federal and private sector representatives invited to participate;
- (4) Directing the Council, if established, among other mandates, to:
  - (A) Coordinate the efforts of participating state agencies;
  - (B) Coordinate and promote the State's position with respect to certain federal issues, including amending the Lacy Act for consistency with state laws; and
  - (C) Review state agency mandates and commercial interest that sometimes call for maintenance of potentially destructive alien species as resources for sport hunting, aesthetic resources, or other purposes;

- (5) Deleting the authorization of the Departments of Agriculture, Health, and Land and Natural Resources to enter premises to control and eradicate invasive species;
- (6) Deleting provisions relating to the designation of lead state agencies;
- (7) Deleting appropriation provisions;
- (8) Sunsetting the measure on June 30, 2007; and
- (9) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2212, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2212, H.D. 1, S.D. 2, C.D. 1.

Representatives Morita, B. Oshiro, Yonamine, Cabrereros, Auwae and Jaffe.  
Managers on the part of the House.  
(Representatives Auwae and Jaffe were excused.)

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

#### **Conf. Com. Rep. 123 on H.B. No. 2006**

The purpose of this bill is to:

- (1) Expand civil enforcement remedies for improper disposal of lead acid batteries; and
- (2) Clarify statutory requirements concerning the importation, storage, disposal, surcharge fees, and reporting related to motor vehicle tires.

Your Committee on Conference has amended this measure by:

- (1) Requiring the Director of Health to waive the surcharge fee of \$1 per tire for Hawaii tire importers when the amount of the collected surcharge to be deposited into the special account in the Environmental Management Special Fund established pursuant to section 342G-63 has reached a total of between \$2,750,000 and \$3,000,000;
- (2) Authorizing the Director of Health to reinstate the \$1 per tire surcharge, with ninety days written notice to tire importers, when the remaining balance in the special account is less than \$100,000 in unencumbered funds and funds are necessary for tire cleanups and associated assessments and remediation;
- (3) Requiring the Department of Health to submit annual reports on the status of the special account in the Environmental Management Special Fund established pursuant to section 342G-63 and the status of cleanup projects, with its findings and recommendations, twenty days prior to each legislative session;
- (4) Repealing the tire surcharge on January 1, 2006; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee on Conference does not want the special account in the Environmental Management Special Fund to build up unnecessarily and is therefore authorizing the Director of Health to waive the surcharge fees.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2006, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2006, H.D. 1, S.D. 1, C.D. 1.

Representatives Morita, B. Oshiro, Yonamine, Cabrereros, Bukoski and Thielen.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 124 on H.B. No. 1256**

The purpose of this bill is to address the twin problems of litter and decreasing landfill availability by the implementation of a "bottle bill" program.

The bill would collect a small deposit beverage container fee on each eligible deposit beverage container, and also impose a 5 cent deposit on each container that will be returned to the consumer upon return of the container at a redemption facility. Moneys from the container fee and any unredeemed deposits will be used for refunds and to pay handling fees to redemption centers. Moneys may also be used for funding audit and program compliance activities, conducting recycling education and demonstration projects, promoting

recycling education and demonstration projects, supporting the transportation of the containers to end-markets, and funding personnel and office expenses.

Your Committee finds that a proven method of increasing recycling rates is through the establishment of a beverage container deposit and redemption program. States with these programs have beverage container recovery rates averaging eighty per cent and have seen litter decrease by sixty-nine to eighty-three per cent. Approximately 800,000,000 beverage containers -- glass, plastic, and aluminum cans -- are imported, consumed, and discarded in Hawaii. These containers either end up in our landfills or as ugly litter that taints the natural beauty of our State for residents and visitors. We can and must do better in protecting our island home.

The landfill situation in particular is approaching a crisis. Each county faces major landfill siting problems that can best be solved by solid waste diversion to extend the life of existing landfills. A beverage container deposit and redemption system provides a financial incentive for responsible citizens and distributes the responsibility of proper waste disposal between the distributor, retailer, consumer, and government.

Your Committee has amended the bill by:

- (1) Setting the deposit beverage container fee, which had been a blank amount, at 0.5 cents between October 1, 2002 and September 30, 2004; at 1 cent between October 1, 2004 and December 31, 2005; and at a sliding scale thereafter based on the previous quarter's redemption rate, of 1 cent if the redemption rate is seventy per cent or less and 1.5 cents if it is higher;
- (2) Changing the date for registration of deposit beverage distributors from July 1, 2002 to September 1, 2002;
- (3) Changing the date that deposit beverage container inventory reports and payment are to start from October 1, 2050 to October 1, 2002;
- (4) Setting the refund value at 5 cents per container, instead of a blank amount;
- (5) Requiring management and financial audits of the program for fiscal year 2004-2005 and 2005-2006 and every other fiscal year thereafter;
- (6) Changing the date of full implementation from October 1, 2003 to January 1, 2005;
- (7) Establishing one refund value for all deposit beverage containers sixty-four ounces or less in capacity, instead of a blank amount for container twenty-four ounces or less and a blank amount for containers larger than twenty-four ounces;
- (8) Changes the exemption of dealers required to operate redemption centers to apply if the dealer is in a high population density area and has an independent certified redemption center within two miles, or is in a rural area as defined by rule;
- (9) Requires redemption centers to be certified instead of permitted;
- (10) Changes the handling fee paid to each redemption center from a blank amount to the prevailing beverage container fee;
- (11) Requires the department of health to publish a statewide notice of the recovery rate for each calendar quarter;
- (12) Specifies that the state auditor shall have access to the records of beverage distributors, dealers, redemption centers, and recycling facilities;
- (13) Establishes an advisory committee to assist the department in developing rules to implement the program;
- (14) Keeps the advance disposal fee for glass containers at 1.5 cents;
- (15) Requires quarterly reports by the department of health to the Legislature and the Governor between October 1, 2002 and December 1, 2004;
- (16) Provides that all positions for the program personnel shall be temporary positions until explicitly authorized as permanent by the Legislature; and
- (17) Changes the effective date from July 1, 2050 to July 1, 2002.

Finally, your Committee has amended this bill by providing an exemption from the general excise tax for the deposits, and by expanding the task of the advisory committee to include assessing the impact on consumers, recyclers, and the beverage industry to address concerns of the conferees that the concerns of all affected parties be addressed by the advisory committee.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1256, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1256, H.D. 2, S.D. 2, C.D. 1.

Representatives Morita, Ahu Isa, Saiki, Magaoay, Bukoski and Davis.  
Managers on the part of the House.  
(Representative Ahu Isa was excused.)

Senators Inouye, Menor, Taniguchi, Tam and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 125 on H.B. No. 2761**

The purpose of this bill is to improve the quality of oral health in the state and increase access to dental services. Specifically, this bill:

- (1) Amends temporary dental licensing laws to encourage dentists to practice in safety net dental provider organizations, and in agencies or practices providing dental services to dental health professional shortage areas in the state;
- (2) Provides that licensed dental hygienists hired by the Department of Health (DOH) are to provide comprehensive services to children in public school complexes; and
- (3) Appropriates funds to be expended by DOH to implement the bill.

Your Committee on Conference finds that poor oral health among children and vulnerable adult populations is among the most widespread and pressing public health problems identified in Hawaii. This bill will provide needed dental services to those populations, and will especially benefit Hawaii's children, who have tooth decay rates that far exceed those documented on the United States mainland.

Your Committee on Conference notes that \$500,000 has been designated from the Emergency and Budget Reserve Fund in H.B. No. 1245, H.D. 1, S.D. 1, C.D. 1, to fund this measure, and has amended the bill by removing its appropriations, and making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2761, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2761, H.D. 1, S.D. 1, C.D. 1.

Representatives Arakaki, Kawakami and Moses.  
Managers on the part of the House.

Senators Matsuura, Inouye, Sakamoto, Taniguchi, Chun, Fukunaga, Hanabusa and Slom.  
Managers on the part of the Senate.  
(Senators Sakamoto, Chun and Slom were excused.)

**Conf. Com. Rep. 126 on H.B. No. 2840**

The purpose of this bill is to ensure that scarce state resources are devoted to core government functions as specified in the Hawaii state plan and functional plans and to provide a mechanism by which all state government programs may be classified according to whether they implement core government functions.

Your Committee on Conference has amended the measure by:

- (1) Altering the composition of the Core Government Functions Advisory Commission (Advisory Commission);
- (2) Removing the appropriations section;
- (3) Changing the effective date to take effect upon approval; and
- (4) Making other technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2840, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2840, S.D. 2, C.D. 1.

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

Senators Kawamoto, Taniguchi, Fukunaga and Hanabusa.  
Managers on the part of the Senate.

**Conf. Com. Rep. 127 on H.B. No. 1821**

The purpose of this bill is to provide the Office of the Auditor (Auditor) with sufficient funds to conduct financial audits of the departments, offices, and agencies of the State by:

- (1) Creating an Audit Revolving Fund (Fund) to be administered by the Auditor to collect moneys received to conduct audits and to pay for certified public accountants to conduct those audits;
- (2) Making an unspecified appropriation for fiscal year 2002-2003 to be paid into the Fund;
- (3) Appropriating an unspecified amount of funds for fiscal year 2002-2003 for the Auditor to conduct a financial audit of the department of education.

Your Committee on Conference has amended this bill by:

- (1) Allowing the Auditor to charge audited entities a reasonable fee for the cost of performing financial audits, including financial statement audits, audits required under federal law, and audits of special funds, revolving funds, or trust funds;
- (2) Providing that legislative appropriations may be deposited into the Fund;
- (3) Reallocating general funds already appropriated by Act 1, Session Laws of Hawaii (SLH) 2002, by:
  - (A) Changing the amount appropriated to the Auditor to \$2,727,219; and
  - (B) Providing that the sum of \$1,897,443 will be used to defray the expenses of the Auditor during fiscal year 2002-2003;
- (4) Appropriating \$275,000 for fiscal year 2002-2003 to be paid into the Fund;
- (5) Changing the expending agency of the Fund to the Auditor;
- (6) Appropriating \$600,000 for fiscal year 2002-2003 from the Fund to carry out the purposes of the Fund and to provide the auditor with necessary funds to conduct financial statement audits and audits required under federal law of the department of education;
- (7) Changing the effective date to July 1, 2002; and
- (8) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1821, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1821, H.D. 2, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 128 on H.B. No. 2451**

The purpose of this bill is to improve the operation of the Convention Center. More specifically, this bill:

- (1) Establishes a Convention Center Enterprise Special Fund (Enterprise Special Fund) for the payment of debt service and maintenance and operating expenses of the facility;
- (2) Assigns to the Hawaii Tourism Authority the right to market, operate, manage, and maintain the Convention Center facility, with a proviso that the contract for management of the facility shall include marketing for all uses of the facility;
- (3) Beginning January 1, 2002, caps transient accommodations tax (TAT) revenues deposited into the Enterprise Special Fund at \$28,500,000 for any calendar year and requires revenues collected in excess of \$28,500,000 be deposited into the general fund;
- (4) Beginning January 1, 2004, caps TAT revenues deposited into the Enterprise Special Fund at \$29,000,000 for any calendar year and requires revenues collected in excess of \$29,000,000 be deposited into the general fund; and
- (5) Formally repeals the previous Convention Center authority law.

The provisions in this measure will reestablish a dedicated source of funds and authority for the management of the Convention Center facility – provisions that lapsed when the previous convention center law sunset on June 30, 2000. Your Committee on Conference finds that these provisions will clearly delineate the responsibility and the costs associated with the Convention Center facility, and should result in more efficient management and greater accountability of state moneys.

Your Committee on Conference has amended this measure by:

- (1) Including as deposits into the Enterprise Special Fund, any transfers from the Tourism Special Fund for marketing the facility;
- (2) Authorize expenditures from the Enterprise Special Fund for marketing the facility;
- (3) Specifying that effective January 1, 2003, and thereafter, the contract for management of the Convention Center facility shall include marketing for all uses of the facility;
- (4) Beginning January 1, 2002, capping the TAT revenues deposited in the Enterprise Special Fund at \$31,000,000, in any calendar year and requiring revenues in excess of \$31,000,000 be deposited into the general fund;
- (5) Appropriating \$46,000,000 from the Enterprise Special Fund for expenditure by the HTA; and
- (6) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2451, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2451, S.D. 2, C.D. 1.

Representatives Chang, Suzuki and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 129 on H.B. No. 2595**

The purpose of this bill is to appropriate \$500,000 out of the tourism special fund for fiscal year 2002-2003 for the enhancement of agricultural tourism venues by the Hawaii Tourism Authority (HTA).

Your Committee on Conference finds that agricultural tourism is a growing market in the visitor industry and that Hawaii has an opportunity to draw on statewide agricultural resources to enhance growth in this market.

Your Committee on Conference has amended this measure to clarify that the HTA shall spend not less than \$500,000 in the coming fiscal year for this purpose.

It is the intent of your Committee on Conference that the \$500,000 appropriated in this measure is funded from within the expenditure ceiling of the Tourism Special Fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2595, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2595, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 130 on H.B. No. 2821**

The purpose of this bill is to require Senate confirmation of all first deputies and first assistants within State departments and of the Executive Director of the Hawaii Tourism Authority.

Your Committee has amended this measure by deleting its contents and inserting provisions to abolish the position of deputy or assistant to the head of any department of the State, except the University of Hawaii and the Department of Education.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2821, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2821, H.D. 1, S.D. 2, C.D. 1.

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

Senators Kawamoto, Taniguchi, Hanabusa, Ihara, Nakata and Hemmings.  
Managers on the part of the Senate.  
(Senator Ihara was excused.)

**Conf. Com. Rep. 131 on S.B. No. 2043**

The purpose of this measure is to establish a temporary advisory task force to study legal issues relating to hanai adoption. The task force is directed to:

- (1) Review case law, statutory law, and Hawaiian customary and traditional practices related to hanai adoption practices;
- (2) Submit an interim report to the Legislature not later than twenty days prior to the Regular Session of 2003; and
- (3) Submit a final report of findings and recommendations, including proposed legislation, to the Legislature not later than twenty days prior to the Regular Session of 2004.

Your Committee on Conference finds that hanai adoption has long been practiced by Hawaiian families, and hanai relationships continue today. Hanai adoption generally refers to a permanent relationship, frequently with family members, that provides for a

child's well being, with adults other than the child's biological parents raising and caring for the child. Although it closely resembles today's legal adoptions, early courts in Hawaii failed to grant the same rights to hanai adoptions as those given to legal adoptions that fulfill statutory requirements. Modern courts follow that precedent.

The Hawaii constitution requires that customs and traditions of native Hawaiians be protected and preserved. Your Committee on Conference believes that hanai adoption is a customary and traditional Hawaiian practice that continues today, and as such, the State must fulfill its constitutional mandate. The task force established by this measure would clarify the status of hanai relationships, helping those involved to understand their legal rights and obligations.

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

- (1) Deleting all references to moneys being appropriated for the task force;
- (2) Transferring the responsibility of convening the task force from the Department of Human Services to Volunteer Legal Services Hawaii; and
- (3) Making the convening of the task force voluntary rather than mandatory.

Your Committee on Conference realizes that without an appropriation to assist the Department of Human Services in defraying the costs of implementing this measure, the department would be hard-pressed to meet the measure's mandated purpose. However, it is your Committee on Conference's understanding that Volunteer Legal Services Hawaii is willing to convene the task force without public funding.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2043, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2043, S.D. 1, H.D. 1, C.D. 1.

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

Senators Chun, Hanabusa, Kanno, Chun Oakland, English, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senators Hanabusa, Chun Oakland and Taniguchi were excused.)

#### **Conf. Com. Rep. 132 on S.B. No. 2478**

The purpose of this measure is to allow trustees of the Office of Hawaiian Affairs to participate in and receive the same retirement benefits as other state-elected officials.

Specifically, the measure provides that:

- (1) Any trustee of the Office of Hawaiian Affairs in service on July 1, 2002, may become a member upon the trustee's election, in accordance with section 88-43, Hawaii Revised Statutes, by October 1, 2002;
- (2) Any trustee of the Office of Hawaiian Affairs elected or appointed after July 1, 2002, may become a member upon the trustee's election, in accordance with section 88-43, Hawaii Revised Statutes;
- (3) Any former trustee of the Office of Hawaiian Affairs who is a class C member on July 1, 2002, may elect to enter class A membership or remain a class C member by October 1, 2002; and
- (4) Any former trustee of the Office of Hawaiian Affairs, who served during the period of July 1, 1993, through June 30, 2002, who becomes a member on or after July 1, 2002, may elect to become a class A or class C member within 30 days of entering or re-entering service.

The measure also specifies that:

- (1) Any service as a trustee of the Office of Hawaiian Affairs during the period of July 1, 1993, through July 1, 2002, if claimed by the member, shall be credited in the member's class at the time the service is acquired; provided that membership service shall be credited in accordance with sections 88-59 and 88-272;
- (2) Any former trustee of the Office of Hawaiian Affairs who retired from service prior to July 1, 2002, shall not be entitled to claim membership service as a trustee during the period July 1, 1993, through June 30, 2002; and
- (3) Service rendered as a trustee of the Office of Hawaiian Affairs during the period of July 1, 1993, through June 30, 2002, constitutes membership service for the retirement system.

Upon further consideration, your Committee on Conference has amended the measure by deleting the provisions that enable:

- (1) Any former trustee of the Office of Hawaiian Affairs who is a class C member on July 1, 2002, to elect to become a class A member or remain a class C member by October 1, 2002; and



- (2) Any former trustee of the Office of Hawaiian Affairs, who served during the period of July 1, 1993, through June 30, 2002, who becomes a member on or after July 1, 2002, to elect to become a class A or class C member within 30 days of entering or re-entering service.

Your Committee on Conference has also amended the measure by correctly numbering the last two sections of the bill and changing the effective date of the measure from July 1, 2010, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2478, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2478, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 133 on S.B. No. 2900**

The purpose of this measure is to appropriate funds to continue the efforts of the emergency environmental workforce to improve the State's economy by employing citizens to protect the environment.

Your Committee on Conference finds that the terrorist attacks of September 11, 2001, have resulted in a significant economic downturn in the State. In an effort to assist those people who were displaced as a result of the September 11, 2001, terrorist attacks, the Legislature enacted Act 4, 2001 Third Special Session, which established an emergency environmental workforce for short-term employment for individuals who lost their jobs.

Your Committee on Conference believes this program is an ingenious way of keeping Hawaii's displaced workforce working. The persons employed by the program are providing a much needed service to the community which would otherwise go unfurnished.

Upon further consideration, your Committee on Conference has amended the measure by inserting \$500,000, as the amount appropriated to continue this worthwhile program.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2900, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2900, H.D. 1, C.D. 1.

Representatives Morita, Kanoho, Magaoay, Hale, Bukoski and Thielen.  
Managers on the part of the House.  
(Representatives Bukoski and Thielen were excused.)

Senators Nakata, Hanabusa, Inouye, Chumbley, English, Ihara, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senator Ihara was excused.)

#### **Conf. Com. Rep. 134 on S.B. No. 552**

The purpose of this measure is to appropriate moneys to the Department of Business, Economic Development, and Tourism (DBEDT) for the establishment of a national Korean War Museum in Hawaii to pay tribute to our Korean War veterans.

Your Committee finds that many residents of Hawaii valiantly served their country during the Korean War, and many relatives of those who served have been greatly effected by the War.

Your Committee has amended this measure by:

- (1) Changing the type of matching fund sources from "federal government or private" to "federal government and other";
- (2) Inserting \$5,000 into the appropriation amount; and
- (3) Correcting the fiscal year of appropriation and effective date.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 552, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 552, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 135 on S.B. No. 2067**

The purposes of this measure are to:

- (1) Repeal the HOPE endowment special fund; and
- (2) Transfer the remaining balance to the University of Hawaii tuition and fees special fund to be used for programs to support underrepresented students and promote diversity.

Your Committee finds that transferring the remaining balance of HOPE endowment special fund to the University of Hawaii tuition and fees special fund for use in programs that support underrepresented students and promote diversity is consistent with the original intent of the HOPE endowment special fund. Such diversity will foster a climate of diversity on campuses that will facilitate the social and intellectual development of all students.

Your Committee has amended the measure to make technical nonsubstantive changes to reflect preferred drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2067, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2067, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 136 on S.B. No. 2068**

The purpose of this bill is to:

- (1) Continue funding for a position in the Department of Accounting and General Services (DAGS) to coordinate public and private efforts to repair and maintain public schools; and
- (2) Indemnify from liability construction professionals who perform services for Helping Hands Hawaii, through its project, Hawaii 3R's, to repair and maintain schools.

Your Committee finds that the Hawaii 3R's project has provided schools with repair and maintenance services very economically while bringing the school community together. The continuation of the vital DAGS position will allow these worthy efforts to continue. However, your Committee notes that providing blanket indemnification will expose the State to significant liability and potential costs.

Accordingly, your Committee has amended this bill by:

- (1) Deleting the indemnification provisions; and
- (2) Affording volunteer status and protection from liability under Chapter 90, Hawaii Revised Statutes, to providers of construction or project-related services through 3R's.

In addition, due to the lack of available funding, your Committee on Conference has amended this bill by deleting the continued funding for the DAGS position.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2068, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2068, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Suzuki and Moses.  
Managers on the part of the House.

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

**Conf. Com. Rep. 137 on S.B. No. 2270**

The purpose of this bill is to:

- (1) Strengthen the school administrator profession by establishing the Hawaii Administrator Standards Board (Board) which, among other things, shall:

- (A) Establish school administrator certification standards; and
  - (B) Monitor school administrator quality by issuing, renewing, revoking, and suspending school administrator certificates;
- and

- (2) Establish no fewer than eight teacher positions to educate public school students about the internment of persons of Japanese ancestry in the United States during World War II and the lessons that may be learned from history.

Your Committee on Conference finds that while the Hawaii Teacher Standards Board has recently assumed the responsibility for licensing and establishing standards for teachers, there is no comparable independent body for school administrators. Establishing an independent entity to license or certify school administrators would help to create a pool of qualified professionals while enhancing accountability by separating the administration of licensing and employment.

Upon further consideration, your Committee on Conference has amended this bill by deleting its contents and inserting provisions establishing a working group to be convened by the Department of Education, with assistance from the Hawaii Educational Policy Center to address the creation of an independent body to establish standards for, and license or certify, school administrators.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2270, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2270, S.D. 2, H.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 138 on S.B. No. 2512**

The purposes of this measure are to:

- (1) Change the per pupil funding allocation;
- (2) Establish transitional funding for conversion charter schools;
- (3) Request the auditor to develop an allocation methodology for conversion charter schools; and
- (4) Determine a calendar for the disbursement of allocations.

Your Committee finds that charter schools remain a viable model of education reform. However, as with all reform efforts in their early stages, certain modifications are needed to ensure their ongoing viability. This measure addresses those concerns. Your Committee also intends for this measure to improve the funding situation for charter schools by creating a clearer method of establishing funding allocations. With greater clarity, these allocations can be processed and disbursed to charter schools more promptly by the Department of Education (DOE).

Your Committee has amended the measure by inserting certain amended portions of S.B. No. 2036, S.D. 1, H.D. 2. These include:

- (1) Lowering the cap from 25 charter schools to 23;
- (2) Adding "organizational viability" and "compliance with applicable state laws" to those elements the Board of Education must consider when conducting independent evaluations;
- (3) Defining "organizational viability"; and
- (4) Adjusting section 302A-1182(a), Hawaii Revised Statutes, to reflect the amendments made by Act 2, Session Laws of Hawaii 2002.

Your Committee has further amended the measure by:

- (1) Inserting language prohibiting charter schools from suing the State or its political subdivisions;
- (2) Inserting language excluding from the per pupil allocation funds for:
  - (A) Services that must be provided at the state level;
  - (B) Specific programs or projects that target individual schools, complexes, or districts;
  - (C) Grants in aid; and
  - (D) Resources of new facilities that target specific, new construction projects;

- (3) Adding language allowing charter schools to enter into an annual memorandum of agreement for centralized services to be provided by the DOE prior to the beginning of each school year, provided that:
  - (A) The allocation of the charter school shall be reduced in an amount based upon the per pupil amount expended by the department for such services; and
  - (B) The DOE may not retain new century charter school funds in excess of the actual cost of the service;
- (4) Allowing charter school students the same opportunity to participate in athletics provided to students at other public schools, including the right to participate in a sport at any public school in the complex the charter school is located in if there is no comparable program at the charter school; and
- (5) Changing the effective date to upon approval.

Your Committee notes that the measure passed the Senate with, and as recently in the legislative process as S.B. No. 2512, S.D. 2, H.D. 1, contained, language allowing teachers employed at charter schools to receive probationary and tenure status, and acquire seniority; provided that they fulfilled the requirements set forth for regular DOE school teachers. Your Committee considered proposed conference drafts of this measure reinstating this language. However, based upon assurances provided by collective bargaining agents and the Board of Education (BOE), tenure and seniority will be provided to former DOE teachers teaching in charter schools through agreements reached with the DOE based on policies approved by the BOE. In light of these policies and agreements, this issue can be resolved without legislative remedy.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2512, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2512, S.D. 2, H.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 139 on S.B. No. 2831**

The purpose of this measure is to extend the benefits of the nonrefundable 4% residential construction and remodeling income tax credit to costs incurred to December 31, 2005. Act 10, Third Special Session, applies the credit to costs incurred before July 1, 2002.

Your Committee finds that, although homeowners should be granted tax relief for the construction and remodeling of their homes, in light of the severe budgetary shortfall facing the State of Hawaii, the extension of the time frame of the tax credit should be shortened to July 1, 2003, rather than December 31, 2005.

Your Committee has amended the measure by:

- (1) Ending the tax credit time frame on July 1, 2003;
- (2) Reverting back to the original language of Act 10, Third Special Session, 2001 allowing the tax credit for expenses incurred after December 31, 2000; and
- (3) Providing that the effective date applies to taxable years beginning after December 31, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2831, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2831, S.D. 1, H.D. 1, C.D. 1.

Representatives Ahu Isa, Takamine and Marumoto.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 140 on S.B. No. 3048**

The purpose of this measure is to authorize the Department of Business, Economic Development, and Tourism to issue an unspecified amount of special facility revenue bonds to finance a world-class destination visitor attraction on Ford Island to tell the Navy-Marine Corps story in World War II.

Your Committee has amended this measure by:

- (1) Authorizing the Department of Transportation, rather than the Department of Business, Economic Development, and Tourism, to issue the special facility revenue bonds; and

- (2) Authorizing the issuance of not more than \$25,000,000 in special facility revenue bonds and appropriating the same amount to finance this world-class destination visitor attraction.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3048, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3048, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 141 on S.B. No. 251**

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

Your Committee on Conference finds that licensing of an industry promotes uniformity, enhances the quality of services and products, and increases public safety. This measure creates a licensing structure for professional counselors that will improve services, increase the pool of qualified service providers, and further promote public safety.

Your Committee on Conference has amended this measure by replacing its contents with the Senate version of this measure, Senate Bill No. 251, S.D. 2, and making several other amendments, including:

- (1) Recasting the purpose section to clarify the intent of this measure;
- (2) Including in the definition of "clinical supervisors" alternative supervisors as defined by national and/or other accrediting entities, including the Council for Accreditation of Counseling and Related Educational Programs;
- (3) Specifying that full-time professional counseling graduate students conducting professional counseling activities as part of a supervised course of study are exempt from licensure;
- (4) Deleting provisions that exempt nationally certified counselors or rehabilitation counselors from license qualification requirements if they apply within one year from the effective date of this measure;
- (5) Setting out provisions that address confidentiality and privileged communications;
- (6) Setting out provisions that prohibit a professional counselor from testifying in alimony and divorce actions;
- (7) Deleting the appropriation made by this measure;
- (8) Establishing a professional counselors licensing program startup trust fund to receive and expend funds for startup implementation of the licensing program and providing that:
  - (a) No expenditure shall be made until the balance of the fund is at least \$43,000;
  - (b) The department of commerce and consumer affairs must report the balance of the fund to the 2003 Legislature; and
  - (c) On June 30, 2004, the fund shall be dissolved and the remaining balance deposited into the compliance resolution fund;
- (9) Authorizing the Department of Commerce and Consumer Affairs to appoint an administrative assistant and secretary to assist with the activities of the licensing program;
- (10) Providing that the licensing program shall take effect on July 1, 2004, if the balance of the professional counselors licensing program startup trust fund is at least \$43,000 by October 1, 2003;
- (11) Providing that the director's powers to work on implementing the licensing program and the establishment of the professional counselors licensing program startup trust fund are effective on July 1, 2002;
- (12) Providing that this measure shall be repealed on June 30, 2009; and
- (13) Making technical, nonsubstantive changes to accommodate the foregoing amendments and for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 251, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 251, S.D. 2, H.D. 1, C.D. 1.

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

Senators Menor, Matsuura, Taniguchi, Fukunaga and Hogue.

Managers on the part of the Senate.  
(Senators Menor and Hogue were excused.)

**Conf. Com. Rep. 142 on S.B. No. 2127**

The purpose of this measure is to provide special compensation payments to state and county retirees aged seventy years and older with at least twenty years of service, with compensation adjustments made every five years.

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

- (1) Deleting the amendments to Section 88-11, Hawaii Revised Statutes, as proposed in the House Draft 1 version;
- (2) Inserting therefor, statutory language that was originally included in Section 88-11, Hawaii Revised Statutes, pursuant to Act 339, Session Laws of Hawaii 1990, as amended by Act 275, Session Laws of Hawaii 1994, and by Act 327 Session Laws of Hawaii 1997, that provided a formula for pensioners' bonuses;
- (3) Adding a provision that provides a one time, lump sum bonus of \$200 for each state and county retiree who is seventy years of age and older with at least twenty years of credited service as of June 30, 2002;
- (4) Adding an appropriation section to the measure to provide funding for the one-time bonuses;
- (5) Changing the effective date from July 1, 2050, to July 1, 2002; and
- (6) Amending the purpose clause to reflect the measure's new purpose.

In providing the one-time bonuses under this measure, your Committee on Conference wishes to emphasize that any lump sum bonus paid pursuant to this measure shall not be construed to increase a retirant's basic monthly pension accumulation or any other post retirement benefit provided under Chapter 88, Hawaii Revised Statutes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2127, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2127, H.D. 1, C.D. 1.

Representatives Saiki, Nakasone and Moses.  
Managers on the part of the House.

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

**Conf. Com. Rep. 143 on S.B. No. 3047**

The purpose of this measure is to appropriate general funds for the Waipahu Community Adult Day Health Center and Youth Day Care Center pilot project.

Upon further consideration your Committee has amended this measure by inserting an appropriation in the amount of \$200,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3047, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3047, S.D. 1, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 144 on S.B. No. 2500**

The purpose of this measure is to appropriate funds for legal services for adoptive families with low-incomes, to assist in seeking Social Security Insurance funds for special needs children, and to assist in seeking Medicare funds for dually eligible Medicaid/Medicare recipients.

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

- (1) Deleting Parts I and II of this measure, related to providing appropriations to fund legal assistance for adoptive families and for seeking Social Security Insurance funds for special needs children;
- (2) Amending Part III of this measure to delete an appropriation to assist in seeking Medicare funds for dually eligible Medicaid/Medicare recipients; and

- (3) Amending Part III to require the Department of Human Services to contract with a legal services provider to seek Medicare funds for dually eligible recipients, on a contingency fee basis where the contractor is paid one-third of the funds received by the Department of Human Services resulting from the contract.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2500, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2500, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 145 on S.B. No. 2568**

The purpose of this measure is to establish the Hawaii Commission on Language Access to develop a statewide plan to enhance access to services for those with limited English proficiency and to provide appropriations therefor.

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

- (1) Deleting the appropriations sections; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2568, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2568, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 146 on S.B. No. 3049**

The purpose of this measure is to authorize issuance of special facility revenue bonds to construct facilities for a ferry service between West and East Oahu.

Your Committee on Conference agreed to use the provisions of the H.D. 2 version of this measure as a base for the C.D. 1 version. The House version differed from the Senate version primarily in that it contained more general language regarding the exact destinations to be serviced by the ferry, and it designated section 266-55, Hawaii Revised Statutes, as the section under which the bonds shall be issued.

Your Conference Committee further amended this measure by inserting \$15,000,000 as the amount of bonds to be issued.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3049, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3049, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 147 on S.B. No. 2702**

The purpose of this measure is to transfer responsibility for the Kalaeloa Community Development District to the Kalaeloa Community Development Authority.

Your Conference Committee used the H.D. 2 version of this measure as a base for the C.D. 1 version.

In addition, your Conference Committee amended this measure to:

- (1) Ensure that all development is done in accordance with state law and the State Constitution;
- (2) Base assessments on each landowner's proportionate share of the total acreage of the District;

- (3) Provide that the membership of the Authority shall be increased, if necessary, by the addition of three members, except as provided in proposed new section 206E-A;
- (4) Provide that the presence of all 16 members of the Authority is not necessary to conduct business;
- (5) Delete all of the appropriation provisions, except for the Kalaeloa Community Development District Revolving Fund, for which your Conference Committee agreed to increase the appropriation ceiling to \$500,000; and
- (6) Make another technical change for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2702, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2702, S.D. 2, H.D. 2, C.D. 1.

Representatives Kanoho, Nakasone and Moses.  
Managers on the part of the House.

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

**Conf. Com. Rep. 148 on S.B. No. 2331**

The purpose of this measure is to appropriate funds for the Fiftieth Anniversary Commemoration of the Korean War Commission (Commission).

Your Conference Committee amended this measure to insert the sum of \$20,000 to be appropriated for the Commission.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2331, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2331, S.D. 2, H.D. 2, C.D. 1.

Representatives Chang, Suzuki and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 149 on S.B. No. 2306**

The purpose of this measure is to provide state-subsidized economic relief to airport concessionaires.

Your Conference Committee amended this measure by:

- (1) Changing the language proposed to be inserted as a new subsection (b) to section 102-10, Hawaii Revised Statutes (HRS), to apply specifically and solely to reductions in business as a result of the 9/11/2001, terrorist attacks;
- (2) Inserting a new subsection (c) to section 102-10, HRS, to require the State to provide relief to concessionaires to allow them to break even, and to provide that if the State and concessionaires cannot agree, an arbitrator shall be summoned;
- (3) Inserting a new subsection (d) to section 102-10, HRS, to provide the period of relief;
- (4) Inserting a new subsection (e) to section 102-10, HRS, to provide procedures for written evidence and accounting;
- (5) Inserting a new subsection (f) to section 102-10, HRS, relating to termination conditions;
- (6) Inserting a new subsection (g) to section 102-10, HRS, requiring the State to return all deposits, bonds, and collateral to concessionaires in the event of contract termination;
- (7) Inserting a new subsection (h) to section 102-10, HRS, to provide for suspension of all laws and rules inconsistent with providing relief to concessionaires;
- (8) Inserting a new subsection (i) to section 102-10, HRS, to ensure compliance with federal laws; and
- (9) Inserting a new subsection (j) to section 102-10, HRS, to require the State to provide reports to the legislature when concessionaires are granted relief.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2306, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2306, S.D. 2, H.D. 2, C.D. 1.



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

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

**Conf. Com. Rep. 150 on S.B. No. 2883**

The purpose of this measure is to authorize the Insurance Commissioner (Commissioner) to issue rental car companies a limited license to sell insurance only in connection with and incidental to the rental of vehicles.

Your Conference Committee amended this measure to:

- (1) Establish the new provisions as a new part within Article 9A of chapter 431, Hawaii Revised Statutes (HRS), rather than as a new article;
- (2) Add a new definition for "limited lines motor vehicle rental company producer", to add the phrase "motor vehicle" to each of the terms "rental agreement," "rental car company," and "renter" and to delete the definition of "rental period";
- (3) Provide that persons seeking licensure under this Act shall comply with chapter 431, HRS;
- (4) Set the requirements for licensure and renewal by the Commissioner;
- (5) Add a new section to chapter 437D, HRS, regarding sales of collision damage waivers by limited line motor vehicle rental company producers;
- (6) Amend section 437D-16, HRS, to apply that section to collision insurance issued by certain lessors and limited line motor vehicle rental company producers; and
- (7) Delete the amendments providing for payment of fees by and exemption from licensure for producers.

Your Conference Committee understands that none of the insurance coverages contained in this measure shall be subject to the prohibitions and restrictions relating to collision damage waivers (as set forth in section 437D-8.5, HRS) unless such insurance coverages meet the definition of collision insurance as set forth in this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2883, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2883, S.D. 1, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 151 on S.B. No. 2431**

The purpose of this measure is to strengthen the State's campaign spending laws, primarily by:

- (1) Placing a cap on the aggregate amount an individual or entity may contribute to all candidates during an election cycle;
- (2) Prohibiting unions, corporations, and banks from giving direct campaign contributions;
- (3) Prohibiting an office that has discretion or authority for awarding government contracts to award contracts to any person who has made a campaign contribution to a candidate;
- (4) Making knowingly and intentionally falsifying any required report, with the intent to circumvent the law or deceive the Campaign Spending Commission a Class C felony;
- (5) Requiring that campaign contributions used to qualify for public funding be received from individual residents of the State;
- (6) Clarifying that prohibitions on corporate or labor organization contributions to noncandidate committees apply as contributions to separate segregated funds (PACS); and
- (7) Regulating soft money of political parties and candidates.

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

- (1) To delete the sections inserted by the House of Representatives dealing with soft money and independent expenditures of candidates;
- (2) To reinstate existing law in section 11-204(b), Hawaii Revised Statutes (HRS), that provides for no limit on corporate contributions or expenditures to the corporation or company noncandidate committee;
- (3) To reformat the amendments to section 11-204, HRS, so that the provisions regarding contributions by banks, labor organizations, and corporations are inserted as new subsection (l) of that section;
- (4) To provide that any person owning at least a 25% interest in a general partnership shall be considered the same person as the partnership; and
- (5) To provide that, notwithstanding the prohibitions on campaign contributions by banks, labor organizations, and corporations, these entities shall be allowed to make up to \$6,000 in campaign contributions during a two-year election period.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2431, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2431, S.D. 2, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 152 on S.B. No. 3028**

The purpose of this measure is to regulate warrantors of vehicle protection products.

Your Conference Committee amended this measure by:

- (1) Inserting a definition of "vehicle identification number";
- (2) Including provisions to apply this measure to all vehicle protection products delivered to consumers in Hawaii;
- (3) Requiring certain vehicle protection products to include the vehicle identification number of the vehicle to which the product is applied;
- (4) Providing that when a warrantor appoints a designee to be responsible for administration of a vehicle protection product, that designee shall be liable for violations to the same extent as the warrantor;
- (5) Requiring warrantors to provide consumers with a copy of the vehicle protection product warranty within 30 days after the date of purchase;
- (6) Requiring that warrantors, when keeping electronic records, keep those records pursuant to section 489E-12, Hawaii Revised Statutes;
- (7) Requiring warrantors to maintain records for 10 years following discontinuation of business in the State;
- (8) Requiring warrantors to give consumers at least 30 days notice of cancellation;
- (9) Specifying the level of civil penalty that the commissioner may impose, up to \$5,000 for a negligent or reckless violation, and up to \$10,000 for an intentional or knowing violation. In addition, the definition of those states of mind from section 702-206, HRS, is incorporated by reference;
- (10) Authorizing the commissioner to impose a combination of the penalties listed in the measure;
- (11) Setting the fees for initial vehicle protection product warrantor registration and subsequent services at \$75; and
- (12) Setting the effective date at January 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3028, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3028, S.D. 1, H.D. 2, C.D. 1.

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

Senators Kawamoto, Menor, Taniguchi, Matsunaga and Hogue.  
Managers on the part of the Senate.  
(Senator Hogue did not concur.)  
(Senators Menor and Matsunaga were excused.)

**Conf. Com. Rep. 153 on S.B. No. 3018**

The purposes of the measure are to:

- (1) Enable the Superintendent of Education, appointed by the governor, to set state educational policy;
- (2) Establish a school district apportionment commission to establish fifteen school districts to deliver public education within that district;
- (3) Establish elected, five person district school boards to implement statewide educational policy within their district;
- (4) Authorize the district school boards to choose a district administrator with broad powers and flexible authority from a list of three choices provided by the Superintendent of Education; and
- (5) Establish a joint senate-house task force to analyze the effect of and propose legislation improving the measure.

Your Committee finds that, although having the only statewide school district in the country allows Hawaii to equitably distribute resources within the public education system, it also removes decision-making and accountability far from the classrooms and local communities. It is time to begin seriously examining decentralization of public education governance as a means of elevating student achievement. Such a dramatic change, however, should not be entered into lightly or with undue haste. Therefore, some of the concrete changes proposed in this measure may be somewhat premature.

In order to provide an extremely sound basis for public education governance reform, your Committee has retained a salient feature of this measure, a joint Senate-House task force to study decentralization of public education governance. Your Committee has amended the measure by:

- (1) Broadening the membership of the task force to encompass the full spectrum of stakeholders;
- (2) Adding the assistance of the Hawaii Educational Policy Center to that of the Legislative Reference Bureau for the research and drafting of proposed legislation; and
- (3) Expanding the duties of the task force to include the examination of Board of Education (BOE) and Department of Education regulations, operations, and structures, and the proposal of amendments to the State Constitution and Hawaii Revised Statutes.

Your Committee seriously considered amending the measure to create complex administrative councils in order to initiate the process of bringing public education decision-making and accountability to the community. The councils would have been given powers very comparable to those of school/community based management councils: the power to design and implement structures of shared decision-making in personnel, curriculum, instruction, budget, and facilities, and the responsibility to be accountable for the results of such decisions.

However, the breadth of these powers could have possibly been interpreted as an infringement upon the constitutional power of the BOE to formulate statewide educational policy. Your Committee was also concerned that the creation of such councils may have interfered with the new superintendent's decentralization initiative already in process, as well as the superintendent's efforts at fostering accountability as required by the federal Public Law 107-110 No Child Left Behind Act of 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3018, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3018, S.D. 1, H.D. 1, C.D. 1.

Representatives Ito, Hamakawa, Suzuki, Saiki, Bukoski and Ontai.  
Managers on the part of the House.  
(Representatives Bukoski and Ontai were excused.)

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

**Conf. Com. Rep. 154 on S.B. No. 2036**

The purposes of the measure are to:

- (1) Reduce from 25 to 23 the number of charter schools which may be established pursuant to law; and
- (2) Allow the Board of Education (BOE) to place a charter school on probation under certain conditions.

Your Committee finds a need to maintain a limit on the number of charter schools until the growing pains of this promising educational reform initiative are concluded and its long term sustainability established. Your Committee further finds that the current statutes provide the BOE with ample power to oversee charter schools, although the BOE should be given additional authority to analyze the organizational viability of charter schools and their compliance with applicable state laws. These ideas, however, have been transferred to the conference draft of the primary vehicle for charter school reform this session, S.B. No. 2512, S.D. 2, H.D. 2.

Accordingly, your Committee has amended the measure by replacing its contents with an amended version of the contents of S.B. 2926, S.D. 1., which:

- (1) Allows coaches to waive all or part of their payment stipend; and
- (2) Requires the Department of Budget and Finance to dispense funds in the amount of the waiver directly to the school for the benefit of the coach's team; and
- (3) Requires the Department of Education to provide for allocations for coaches for fiscal year 2002–2003, within available resources.

Your Committee finds that sports play in the holistic development of public school students.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2036, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2036, S.D. 1, H.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 155 on S.B. No. 2383**

The purpose of this measure is to stimulate the economy by providing tax incentives related to construction, including:

- (1) Establishing a nonrefundable qualified project construction tax credit for qualified project construction costs incurred after December 31, 2002; and
- (2) Expanding the hotel construction and remodeling tax credit to include property on which commercial or recreational use is permitted, and off-site improvements to serve destination resort areas.

Your Committee finds that this measure would enhance the appearance of resort and tourist properties to attract tourists, thereby helping to bolster the economy.

Your Committee has amended this measure by providing that the construction tax credit claimed shall be four per cent of the costs incurred in each taxable year during the four-consecutive-year period.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2383, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2383, S.D. 2, H.D. 2, C.D. 1.

Representatives Ahu Isa, Takamine, Espero, Magaoay, Davis and Leong.  
Managers on the part of the House.  
(Representatives Davis and Leong were excused.)

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

#### **Conf. Com. Rep. 156 on S.B. No. 2985**

The purpose of this measure is to provide a qualified improvement tax credit for the costs of capital improvements made to federally qualified health centers.

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

- (1) Deleting the definitions of "construction costs", "equipment", "net income liability", and taxpayer";
- (2) Inserting a definition of "qualified equipment" to mean costs related to equipment used for medical services or medical record-keeping that has a useful life of more than one year and costs more than \$50,000;
- (3) Modifying the definition of "qualified facility" to mean a building or structure owned or leased by a federally qualified health center;
- (4) Modifying the definition of "qualified improvement costs" to mean costs of capitalized interest expense for construction or alteration of permanent structures, including equipment;
- (5) Clarifying that the minimum costs upon which a tax credit may be claimed is \$300,000 in a taxable year, and total tax credits shall not exceed \$9,000,000 over the 10-year taxable period in which the credit may be claimed;

- (6) Clarifying that the amount of the qualified tax credit shall be equal to ten percent of the costs incurred in a taxable year;
- (7) Deleting provisions allowing for refunds for tax-exempt entities and allowing alternative calculations and allocations for other than tax-exempt entities and corporations;
- (8) Deleting provision allowing claims against net income tax liability or tax liability under Chapter 237, Hawaii Revised Statutes;
- (9) Deleting provision allowing the Director of Taxation to require tax reporting and alternative methods to determine the tax credit;
- (10) Deleting provision allowing the Director of Taxation to adopt rules to implement this tax credit;
- (11) Deleting the provision exempting state-funded projects from qualifying for the credit; and
- (12) Making technical nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2985, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2985, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Kahikina, Takamine, Yonamine, Djou and Stonebraker.  
Managers on the part of the House.  
(Representatives Djou and Stonebraker were excused.)

Senators Matsuura, Hanabusa, Fukunaga, Ige and Hogue.  
Managers on the part of the Senate.  
(Senators Ige and Hogue were excused.)

**Conf. Com. Rep. 157 on H.B. No. 2459**

The purpose of this bill is to make an emergency appropriation in the current fiscal year to pay for the State's statutorily mandated share of costs related to public employees' Social Security and Medicare expenses.

Your Committee on Conference has amended the measure by:

- (1) Removing the provision stating that the emergency appropriation will exceed the general fund expenditure ceiling; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2459, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2459, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 158 on H.B. No. 2788**

The purpose of this bill is to authorize the issuance of general obligation bonds and declare findings that the total amount of principal and interest, estimated for such bonds authorized but unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance.

Article VII, section 13, of the Constitution of the State of Hawaii requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee on Conference has amended the measure by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2788, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2788, S.D. 1, C.D. 1.

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

Senators Taniguchi, Buen, Chun, Chun Oakland, English, Hanabusa, Ige, Inouye, Kawamoto, Kim, Kokubun, Sakamoto, Tam, Hemmings and Slom.

Managers on the part of the Senate.

(Senators Ige, Kawamoto, Kim, Hemmings and Slom were excused.)

**Conf. Com. Rep. 159 on H.B. No. 1245**

The purpose of this bill is to:

- (1) Establish a Litigation Deposits Trust Fund;
- (2) Delete the Compliance Resolution Fund and Insurance Regulation Fund from the list of special funds that are exempt from central services expenses;
- (3) Allow moneys in the Works of Art Special Fund to be used for costs related to improvements for the state art museum in the No. 1 Capitol District building;
- (4) Allow the Emergency Budget and Reserve Fund (Rainy Day Fund) established by section 328L-3, Hawaii Revised Statutes, to be used to maintain levels of programs determined to be essential for education; and
- (5) Transfer \$88,076,000 from various funds to the general fund.

Upon further consideration, your Committee on Conference has amended this bill by deleting its substance and inserting provisions appropriating \$10,431,294 from the Rainy Day Fund to maintain levels of programs that are essential to the public health, safety, and welfare.

In appropriating \$2,535,000 for program expenses of rural hospitals, it is your Committee on Conference's intent that this sum be expended as follows:

Hana Community Health Center	\$750,000
Molokai General	\$700,000
Waianae District Comprehensive Health and Hospital Board	\$735,000
Kahuku Hospital	\$350,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1245, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1245, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Saiki and Marumoto.  
Managers on the part of the House.

Senators Taniguchi, Chun Oakland, Hanabusa, Kawamoto and Sakamoto.  
Managers on the part of the Senate.

**Conf. Com. Rep. 160 on H.B. No. 2827**

The purpose of this bill is to:

- (1) Establish the Litigation Deposits Trust Fund;
- (2) Require the Department of Budget and Finance (B&F) to include in its executive budget request a detailed listing of the amount of general funds that are encumbered for more than one fiscal year;
- (3) Establish criteria for the establishment and continuance of special funds;
- (4) Establish criteria for the establishment and continuance of revolving funds;
- (5) Expand the allowable uses of moneys within the Emergency and Budget Reserve Fund to include programs essential to education;
- (6) Reclassify, repeal, or discontinue certain special and revolving funds pursuant to recommendations of the Auditor; and
- (7) Transfer funds from certain special and revolving funds to the general fund.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provision that would have required B&F to include in its executive budget request a detailed listing of the amount of general funds that are encumbered for more than one fiscal year;

- (2) Including criteria for the establishment and continuance of administratively established accounts and funds;
- (3) Repealing the University of Hawaii Workers' Compensation and Unemployment Insurance Compensation Special Fund;
- (4) Deleting transfers from the following special or revolving funds to the general fund:
  - (A) Assistance for Agricultural Enterprises on Kauai Revolving Fund;
  - (B) Assistance for Aquaculture Enterprises on Kauai Revolving Fund;
  - (C) Aloha Tower Fund;
  - (D) Tourism Research Special Fund;
  - (E) Rental Housing Trust Fund;
  - (F) Kalaeloa Community Development Revolving Fund;
  - (G) Use of School Facilities for Recreational and Community Purposes Fund; and
  - (H) Employment and Training Fund;
- (5) Including transfers from the following special or revolving funds to the general fund:
  - (A) Housing for Elders Revolving Fund (\$250,000);
  - (B) Petroleum Products Control Fund (\$115,000);
  - (C) Human Resource Development Special Fund (\$150,000);
  - (D) Beach Restoration Special Fund (\$50,000);
  - (E) Halawa Correctional Facility Inmate Store Fund (\$100,000);
  - (F) Oahu Community Correctional Center Inmate Store Fund (\$250,000);
  - (G) Waiawa Correctional Facility Inmate Store Fund (\$60,000); and
  - (H) State Highway Fund (\$22,000,000);
- (6) Increasing the amount to be transferred from the State Motor Pool Revolving Fund to the general fund to \$600,000;
- (7) Decreasing the amount to be transferred from the Dwelling Unit Revolving Fund to the general fund to \$23,000,000;
- (8) Decreasing the amount to be transferred from the Foreign-trade Zones Special Fund to the general fund to \$1,000,000;
- (9) Decreasing the amount to be transferred from the Hawaii Capital Loan Revolving Fund to the general fund to \$4,000,000;
- (10) Increasing the amount to be transferred from the High Technology Special Fund to the general fund to \$250,000;
- (11) Increasing the amount to be transferred from the Rental Assistance Revolving Fund to the general fund to \$6,000,000;
- (12) Decreasing the amount to be transferred from the Natural Energy Laboratory of Hawaii Authority Special Fund to the general fund to \$200,000;
- (13) Increasing the amount to be transferred from the Insurance Regulation Fund to the general fund to \$4,000,000;
- (14) Increasing the amount to be transferred from the Environmental Response Revolving Fund to the general fund to \$3,000,000;
- (15) Decreasing the amount to be transferred from the Hawaii Tobacco Settlement Special Fund to the general fund to \$1,200,000;
- (16) Increasing the amount to be transferred from the Boiler and Elevator Safety Revolving Fund to the general fund to \$500,000;
- (17) Decreasing the amount to be transferred from the State Parks Special Fund to the general fund to \$250,000;
- (18) Decreasing the amount to be transferred from the Natural Area Reserve Fund to the general fund to \$1,000,000;
- (19) Increasing the amount to be transferred from the Bureau of Conveyances Special Fund to the general fund to \$1,000,000;
- (20) Decreasing the amount to be transferred from the Special Land and Development Fund to the general fund to \$9,150,000;
- (21) Increasing the amount to be transferred from the Controlled Substance Registration Revolving Fund to the general fund to \$100,000;

(22) Changing the effective date to June 30, 2002; and

(23) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2827, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2827, H.D. 1, S.D. 2, C.D. 1.

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

Senators Taniguchi, Chun Oakland, Ige, Inouye, Kim and Sakamoto.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 161 on H.B. No. 2834**

The purpose of this measure is to create the Hawaii Rx program to reduce prescription drug costs for all state residents who choose to participate.

In statewide hearings on this and similar measures, legislative committees received compelling and often poignant testimony time and time again from or about Hawaii residents without prescription drug coverage who cannot afford to buy the medicines they need.

Testimony was heard regarding individuals who have suffered as a result of the high cost of prescription drugs. In many instances, families who are unable to afford prescription medications must forego filling their prescriptions in order to buy food and other necessities. Others try to "stretch" medications by taking less than the prescribed dosage, thereby reducing their effectiveness. When access to prescription drugs is restricted due to prohibitive costs, public health problems arise and Medicaid and overall health-care costs increase.

The statistical evidence shows that drug prices will continue to rise, thereby making the affordability issue even more critical. According to the AARP Public Policy Institute, prescription drug prices rose at a rate over one and a half times the rate of general inflation between 1995 and 2000, prescription drug spending per American is expected to rise at an average rate of eleven and two tenths per cent in the next ten years, and prescription drugs account for the single largest component of out-of-pocket expenses for older Medicare beneficiaries.

Pharmaceutical drug manufacturers, who generally oppose state prescription drug assistance programs, contend that many pharmaceutical companies have already implemented patient assistance programs through which medications are either provided free of charge or at reduced prices. Your Committee on Conference recognizes that manufacturer-sponsored programs help some individuals, but program income limits and strict eligibility requirements, exclude many. Furthermore, pharmaceutical companies may terminate their programs at any time. The Hawaii Rx program is designed to provide Hawaii residents with uninterrupted access to affordable prescription drugs.

Manufacturers further contend that "prior authorization," an essential component of this bill, will greatly limit access to medicine. This component authorizes the Department of Human Services to exclude a manufacturer's products from State prior authorization lists if the manufacturer and Director of Human Services fail to reach a drug rebate agreement. Manufacturers argue that prior authorization would remove the profit incentive for companies to research and develop new medicines.

Your Committee on Conference finds that this argument is contradicted by data released by the Henry J. Kaiser Family Foundation which includes:

- (1) The pharmaceutical industry, which spends more than any other industry on consumer advertising in the United States, is also the most profitable;
- (2) Profits as a percent of revenues for the pharmaceutical industry have been greater than four times the median rate for all Fortune 500 firms in the late 1990s (18.6 percent of revenues compared to 4.5 percent for all Fortune 500 firms in 2000); and
- (3) Fourteen percent of pharmaceutical company revenues are spent on research and development, the same amount spent on marketing and advertising.

Finally, concern has been expressed regarding lawsuits challenging the legality of state prescription drug assistance programs. Specifically, in the State of Maine, PhRMA filed a lawsuit challenging the constitutionality of the Maine Rx program, the same program upon which the Hawaii Rx program is modeled. The Maine Rx program was upheld by the First Circuit United States (U.S.) Court of Appeals, which found that the program did not violate the Supremacy or Commerce Clause of the U.S. Constitution.

Your Committee on Conference agrees with the following quote of Supreme Court Justice Louis Brandeis, in the Court of Appeals' opinion:

"To stay experimentation in things social and economic is a grave responsibility. Denial of the right to experiment may be fraught with serious consequences to the nation. It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country."

Your Committee on Conference has amended this measure by:



- (1) Removing the provision creating a drug advisory commission. Your Committee on Conference does not believe that it is necessary at this time to create an advisory group but this may be desirable in the future;
- (2) Removing the requirement that manufacturers of prescription drugs report their marketing costs;
- (3) Removing the rebate dispute resolution provisions;
- (4) Removing amendments to chapter 346, Hawaii Revised Statutes, that require pharmacies to disclose how much is being saved by consumers and that reference the professional fee. Your Committee on Conference believes that it is more appropriate for the Department of Human Services (DHS) to publicize the savings of participants in the Hawaii Rx program. Under this measure, dispensing fees are to be set by DHS at no less than the Medicaid dispensing fee;
- (5) Specifying that the Hawaii Rx program will begin on July 1, 2004, and that additional discounts will be available to participants on or before July 1, 2005; and
- (6) Adding a general fund appropriation of \$200,000 to be used by DHS to develop a plan for implementation of the program, and requiring DHS to report to the Legislature on its progress before the 2004 Regular Session.

Your Committee on Conference has also made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2834, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2834, S.D. 2, C.D. 1.

Representatives Hiraki, Arakaki, Kawakami, Saiki, Marumoto and Stonebraker.  
Managers on the part of the House.  
(Representatives Saiki and Stonebraker were excused.)

Senators Menor, Matsuura, Taniguchi, Chun Oakland, Fukunaga and Matsunaga.  
Managers on the part of the Senate.  
(Senators Matsuura and Matsunaga were excused.)

#### **Conf. Com. Rep. 162 on H.B. No. 1761**

The purpose of this bill is to allow the Insurance Commissioner (Commissioner) to regulate the rates of "managed care plans" (health plans), which include health insurers regulated under the Insurance Code, as well as health maintenance organizations and mutual benefit societies.

The bill establishes a prior approval system where proposed rates must be filed with the Commissioner and are subject to a 90-day waiting period before becoming effective. The Commissioner may disapprove rates that are inadequate, excessive, or unfairly discriminatory. The system is similar to that applicable to workers' compensation, motor vehicle, and other property and casualty insurance lines. This bill also requires that managed care plans with reserves exceeding 50 percent of annual health care expenditures and operating expenses return the excess to enrollees, or apply it to stabilize or reduce rates.

Your Committee on Conference recognizes that rate regulation is necessary because Hawaii's noncompetitive health plan market provides no incentive for health plan efficiency and product development. This measure will make health plan rate-making practices more transparent and minimize the over-pricing and under-pricing of insurance products. Ensuring that rates are fair and not excessive will facilitate competition and increase the affordability and availability of health care in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Amending the definition of "rate" to exclude fees and fee schedules paid by the insurer to providers of services covered under the Act; and
- (2) Providing that the Act shall be repealed on June 30, 2006.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1761, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1761, H.D. 1, S.D. 2, C.D. 1.

Representatives Hiraki, Arakaki, Takamine, Saiki, Auwae and Whalen.  
Managers on the part of the House.  
(Representative Whalen was excused.)

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

#### **Conf. Com. Rep. 163 on S.B. No. 2179**

The purposes of this measure are to increase efficiency in the use of the State's energy resources.

In particular, this measure improves energy efficiency in state facilities and imposes price caps on gasoline, which your Committee finds to be an energy resource.

With respect to state facilities, this measure requires the State of Hawaii government to significantly improve its energy management in state facilities in order to save taxpayer dollars and reduce emissions that contribute to air pollution and global climate change.

With respect to gasoline, this measure requires the Department of Business, Economic Development, and Tourism to determine the maximum wholesale price of gasoline, on a quarterly basis, based on certain criteria, including the cost of a barrel of site-specific crude oil, and prohibits petroleum manufacturers and jobbers from selling gasoline to a dealer operated retail service station for more than the maximum wholesale price. In addition, this measure allows a manufacturer or jobber to petition the department to readjust the maximum wholesale price of gasoline in the event of an abrupt change in crude oil prices in the world market, and provides for substantial penalties for violations by manufacturers or jobbers.

Your Committee finds that state agencies are among Hawaii's largest energy consumers, spending hundreds of millions of dollars annually on products and services. As such a large consumer, the State should promote energy efficiency, water conservation, the use of renewable energy products, help foster markets for emerging technologies, and create local employment and economic development opportunities. Government should also lead Hawaii in energy efficient building design, construction, and operation.

Your Committee further finds that government should lead by example by mandating a reduction in energy use in state facilities and the use of renewable energy for much of the remaining energy demand. This will significantly reduce the use of fossil fuels in state facilities as well as provide guidance to other government and private sector individuals and organizations.

Your Committee further finds that there is a need to lower gasoline prices for Hawaii's consumers. The recently concluded antitrust litigation against the major oil companies doing business in Hawaii has demonstrated the limited competition among those companies and the extraordinarily high profitability of the Hawaii petroleum products markets. Your Committee finds that, in view of the lack of competition in these markets, the imposition of price caps on gasoline is necessary to provide relief to Hawaii's consumers.

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

(1) Amending the provisions relating to a gasoline price cap as follows:

- (A) Requiring the Public Utilities Commission, rather than the Department of Business, Economic Development, and Tourism, to establish gasoline price caps;
- (B) Specifying that price caps are to be established for both the pre-tax wholesale and retail prices of gasoline on a weekly basis, rather than only for the wholesale price of gasoline on a quarterly basis;
- (C) Changing the methodology to establish the maximum pre-tax wholesale and retail prices of gasoline, including the establishment of a location adjustment factor, a marketing margin factor, and a neighbor island wholesale adjustment factor;
- (D) Using spot daily prices for various West Coast markets, as reported and published by the Oil Price Information Service, in formulating a baseline price for regular unleaded gasoline for Oahu, rather than the cost of a barrel of site-specific crude oil as a benchmark;
- (E) Imposing civil penalties for violations equal to three times the overcharge, or \$250,000, whichever is greater; authorizing civil actions for violations by the Public Utilities Commission; and authorizing referrals to the attorney general as appropriate;
- (F) Prohibiting petroleum manufacturers, wholesalers, or jobbers from selling regular unleaded gasoline to a dealer operated retail service station, an independent retail station, or to another jobber or wholesaler for more than the maximum pre-tax wholesale price;
- (G) Prohibiting retail stations from selling gasoline to the public for more than the maximum pre-tax retail price for regular unleaded gasoline sold on a self-serve basis;
- (H) Giving the governor the power to suspend the operation of the pre-tax wholesale and retail gasoline price caps;
- (I) Changing the procedure to adjust maximum pre-tax wholesale and retail gasoline prices;
- (J) Allowing manufacturers, wholesalers, or jobbers to petition the Public Utilities Commission to adjust the maximum pre-tax wholesale price in the event of a change in the value of the baseline price for regular unleaded gasoline, the location adjustment factor, the marketing margin factor, or the neighbor island wholesale adjustment factor;
- (K) Allowing retail stations to petition the Commission to adjust the maximum pre-tax retail price in the event of a change in the maximum pre-tax wholesale price for regular unleaded gasoline, or the value of the retail marketing margin factor;
- (L) Maintaining the lease rent cap for dealer operated retail stations; and
- (M) Delaying the implementation of the pre-tax wholesale and retail gasoline price caps until July 1, 2003;

(2) Adding amendments to the Petroleum Industry Reporting Act to:

- (A) Require, rather than allow, the Department of Business, Economic Development, and Tourism to monitor the oil industry's profit margins in Hawaii and conduct random or periodic audits and inspections of oil suppliers;

- (B) Substantially increase civil penalties for noncompliance;
  - (C) Require the Department to refer intentional violations to the Attorney General, who may exercise appropriate legal or equitable remedies available to the State; and
  - (D) Change references to the Department and the Director of Business, Economic Development, and Tourism in the Petroleum Industry Reporting Act to the "petroleum commissioner", who is to be the administrator of the Department's Energy, Resources, and Technology Division;
- (3) Requiring the Department of Business, Economic Development, and Tourism to:
- (A) Review and analyze the unsealed documents in Anzai v. Chevron et al. (the recently settled gasoline antitrust litigation) and other appropriate materials;
  - (B) Gather and analyze empirical data to determine whether the Oil Price Information Service index or other appropriate benchmarks are applicable to Hawaii's markets;
  - (C) Review options available to the legislature, including wholesale and retail gasoline price caps and the potential effects of imposing price caps; and
  - (D) Report findings and recommendations to the legislature before the convening of the 2003 regular session, including proposed implementing legislation, as appropriate;
- (4) Requiring the Attorney General and the Legislative Reference Bureau to assist the Department of Business, Economic Development, and Tourism by conducting legal and policy analyses, as appropriate, and in drafting legislation;
- (5) Appropriating \$250,000 out of the public utilities commission special fund to the general fund, and appropriating the same amount to the Department of Business, Economic Development, and Tourism, to allow the Department, without regard to the Public Procurement Code, to contract with one or more petroleum experts to assist the Department; and
- (6) Making technical nonsubstantive changes for the purposes of clarity and consistency.

In addition, your Committee recognizes the concerns of the Department of Business, Economic Development, and Tourism, which has a quasi-regulatory function and also serves as an energy advocate, particularly with respect to the Department's role as the "petroleum commissioner" under this measure, which may potentially conflict with the Department's functions.

However, your Committee finds, however, that despite these concerns, the Department is clearly in the best position to conduct a review of relevant petroleum industry materials in the context of its existing statutory role under the Petroleum Industry Reporting Act, and that the Department in this context is serving as a neutral party, rather than as an advocate, in gathering and analyzing data for the Legislature.

Moreover, your Committee finds that under this measure, the Department may contract with other neutral parties having expertise in petroleum issues for assistance in its review of petroleum data, such as the National Conference of State Legislatures Energy Project, which assists states in this critical policy area. Your Committee finds that the assistance of the NCSL energy project, or a similar neutral energy program, will be of value to the Department and the Legislature in providing assistance in assisting the Department to examine these issues in the broader context of state energy planning.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2179, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2179, S.D. 2, H.D. 1, C.D. 1.

Representatives Morita, Hiraki, Saiki, Schatz, Rath and Whalen.  
Managers on the part of the House.  
(Representative Rath was excused.)

Senators Kawamoto, Fukunaga, Inouye, Menor, Taniguchi, Chun Oakland and Hemmings.  
Managers on the part of the Senate.  
(Senators Kawamoto, Inouye and Hemmings did not concur.)

#### **Conf. Com. Rep. 164 on H.B. No. 2300**

The purpose of this bill is to appropriate funds for the operating and capital improvement costs of the judicial branch for the fiscal year July 1, 2002, through June 30, 2003.

Your Committee on Conference has carefully considered and analyzed each funding adjustment requested by the Judiciary and amended the Judiciary budget accordingly.

In light of the current status of Hawaii's economy, your Committee has increased the Judiciary biennium budget by \$522,792 in general funds and \$1,983,523 in special funds for fiscal year 2002-2003.

For fiscal year 2002-2003, your Committee has appropriated to the Judiciary general funds as follows:

- (1) \$138,200 for the Hawaii State Law Library System to provide patrons access to the most current legal information;

- (2) \$30,000 for renovations to the Waianae District Court to provide a facility that more accurately reflects the needs of the community;
- (3) \$68,000 for the relocation of the Adult Probation Division due to the termination of its lease;
- (4) \$48,000 for domestic violence intervention services to better treat, educate, and support those involved in domestic violence;
- (5) \$200,000 for guardian ad litem and attorney's fees for service as advocates for children who are victims of child abuse or neglect; and
- (6) \$38,592 for increased risk management costs.

In the area of personnel, your Committee on Conference has provided an increase of 4.5 permanent positions in the first and third Judicial circuits.

Your Committee on Conference has also appropriated to the Judiciary from the Computer System Special Fund as follows:

- (1) \$162,054 for equipment to create a local area/wide area network at the Kaneohe District Court to increase operational efficiency;
- (2) \$48,689 for a permanent webmaster position to develop and maintain the Judiciary's internet website, to keep the information on the website current and accurate, and to make the website more user-friendly for public access to the courts;
- (3) \$472,780 to replace the outdated financial management and accounting system, which is unable to comply with the latest requirements of the Governmental Accounting Standards Board; and
- (4) \$1,300,000 to implement phase 1 of the Judiciary Information Management System, which is to build a new statewide traffic case management system.

In the area of capital improvements, your Committee on Conference has appropriated an additional \$34,020,000, in fiscal year 2002-2003 for the construction of new facilities and renovations to existing ones. Of this amount:

- (1) \$30,000,000 is for the development of a new courthouse complex on Hilo;
- (2) \$2,900,000 is for the Kauai judiciary complex;
- (3) \$1,100,000 is for roof renovations to Kaahumanu Hale on Oahu; and
- (4) \$20,000 is for wiring and cabling at the Kaneohe District Court.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2300, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2300, H.D. 2, S.D. 1, C.D. 1.

Representatives Takamine, Cabrerros, Espero, Hamakawa, Kawakami, Magaoay, Nakasone, Saiki, Suzuki, Yonamine, Davis, Djou, Leong and Moses.

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

Senators Taniguchi, Buen, Chun, Chun Oakland, English, Hanabusa, Ige, Inouye, Kanno, Kawamoto, Kim, Kokubun, Sakamoto, Tam, Hemmings and Slom.

Managers on the part of the Senate.  
(Senators Ige, Kanno, Kawamoto, Kim, Hemmings and Slom were excused.)

#### **Conf. Com. Rep. 165 on H.B. No. 1800**

##### **The Changing Economy**

In the second half of the year 2000, economic growth decelerated sharply, nationwide. Manufacturing production declined, the Nation's payrolls grew marginally, and the unemployment rate was rising. In response to this slowing economy, the Federal Reserve reduced the federal funds rate by 2-3/4 percentage points during the first half of 2001, the largest reduction in such a short period since 1984. Federal fiscal policy also shifted to stimulate the demand. In June, the President signed the Economic Growth and Tax Relief Reconciliation Act of 2001, which reduced personal income taxes by \$44 billion during the second half of the year, the first installment in a multi-year permanent reduction in income tax liabilities.

Although the nation's economy slowed during the 2001 Regular Session, Hawaii was finally experiencing its long-anticipated economic rebound from a decade of recession. General revenues from tax collections toward the end of the third quarter of fiscal year (FY) 2000-2001 increased at a rate of 7.8 percent, exceeding the Council on Revenues' (COR) projection of a 6.0 percent increase. The lowered Federal Reserve rates encouraged growth in mortgage lending, mortgage refinancing, and construction activities. Airline flights were full, hotel occupancy, as well as, visitor spending was on the rise. These positive economic indicators were balanced against the fact that eastbound tourism remained unchanged, as Japan remained in recession. Economic indicators pointed to the strength and resilience of Hawaii's economic recovery. Factors that precipitated this situation are the enactment of tax law changes,

including lowering of the individual income tax rate, de-pyramiding of the General Excise Tax and granting of hotel renovation construction tax credits.

The Legislature recognized its newfound additional resources and made education its top priority. For the first time in many years, the Legislature had the ability to make wide-range improvements to the public education system. The Legislature provided fair wage increases to public school teachers and university professors, understanding that first-class instruction deserves first-class compensation. In addition, the Legislature provided much needed resources for additional teachers, textbooks, and equipment for both existing and new facilities of the Department of Education. Furthermore, the University of Hawaii got a tremendous boost with a \$6 million, one-year lump-sum appropriation. Finally, as it set out to literally "fix the schools", the Legislature approved over \$180 million in new construction projects to repair, upgrade, and improve public school facilities. It also provided \$80 million for construction costs to improve and expand facilities of the University of Hawaii system.

While Hawaii's economy was on the rise, the Legislature proceeded with caution. Demand for resources, whether in the form of direct services or costs for providing such services, was also on the rise. Until State government could demonstrate long-term fiscal integrity, the 2001 Legislature made sure to keep a watchful eye on the future. As such, the Legislature took bold, yet controversial steps to ensure that rising fixed costs could be contained. For example, the Legislature set out to investigate the use of public funds for the Felix Consent Decree mandate and created the Employer-Union Trust to administer the provision of health insurance to all government employees and retirees equitably.

With these fiscal policy debates taking center stage throughout the session, the 2001 Legislature closed amid a mixed sense of accomplishment and apprehension.

### **Tragedy**

Although the 2001 Legislature planned Hawaii's economic recovery, the normal channels of transmission linking economic policy and economic performance never had the chance to operate. The terrorist attacks of September 11th temporarily shattered consumer and business confidence. Faced with a highly uncertain and increasingly risky economic environment, consumers, businesses, and investors for a brief time became much less willing to undertake the purchases and investments that are needed to achieve sustainable growth.

At the start of 2001, hardly any forecaster expected that the State economy would slip into recession within a few months. None did, or could, anticipate the shock to the economy from the terrorist attacks later in the year. Consequently, the Council on Revenues' September 5, 2001 growth forecast was well above the actual outcome.

After the attacks, Hawaii's economy immediately fell into rapid decline. Tourism activity declined swiftly, as did our retail and restaurant businesses. There was a sudden 26.1 percent drop in international visitors—a major component of the tourism industry. Unemployment rates increased as businesses either closed or reduced the level of their service, resulting in both small business and large corporate lay offs. The ripple effect of the attacks was both immense and immediate and sent our State and our Nation into disarray.

The Legislature immediately responded in an emergency Special Session by passing measures to address the most immediate and pressing needs of Hawaii's citizens. Emergency food and housing assistance, extended unemployment benefits, and temporary health insurance were provided to assist individuals and families. Tax relief and waivers of assessments were made available to businesses suffering from the effects of September 11th. Emergency powers were given to the Governor to provide businesses and private citizens with a broad-range of financial relief. In addition, funds were appropriated to stimulate economic growth by increasing government capital improvements program (CIP) project spending and promoting Hawaii as a visitor destination.

On November 14th, the Council on Revenues reduced its September 5th estimate of general fund revenues from 4.1 percent growth for FY 2001-2002, to a 0.7 percent decline in the same period, a reduction of almost 5 percent. Based on models derived from the State's economic reaction to the Gulf War and Hurricane Iniki, coupled with the State's pre-event trajectory, the Council believed that the economy would react with a sharp decline, but follow with a quick and strong rebound. This led the Council to revise its forecast to reflect a sizable reduction in revenue for the remainder of fiscal year 2001-2002, a 0.7 percent decrease instead of a 4.1 percent increase. However, it retained a strong forecast for the ensuing five fiscal years. On March 14th the Council on Revenues reaffirmed its November projection and held to the strong out-year growth estimates.

The effects of that projection on planned State spending were tremendous. In terms of dollars, this amounted to a revenue shortfall of \$315 million over the two years of the fiscal biennium—\$150 million for fiscal year 2002 and \$165 million for fiscal year 2003.

With these new projections, the Governor was forced to take quick action. He immediately imposed a 1 percent spending reduction on the discretionary budgets of all departments including for the first time in many years, the Department of Education (DOE) and the University of Hawaii (UH). All executive departments were then instructed to revise their budgetary plans for the remainder of the fiscal biennium. All departmental discretionary funding was to be reduced by 2 percent, and once again, the DOE and UH were not spared, as the Governor proposed to cut a combined \$20 million from their budgets.

While these options appeared unpalatable, it was well noted that Hawaii was clearly not alone in facing tough budget decisions. This current fiscal year has at least 40 states facing a total budget shortfall of \$27 billion. Whereas some states may have large "rainy day" funds as a result of the prosperous economic times in the 1990s, many others like Hawaii were forced to look at a combination of tax changes and cuts to essential services.

### **Budget Strategy**

It is important to keep in mind the balancing act between revenues and expenditures that exists in any budget. With the projected \$315 million reduction in revenues, other sources of revenues were identified and expenditure reductions were also considered. On the revenue side, many options were presented to and considered by your Conference Committee: the Governor's proposal to use the Hawaii Hurricane Relief Fund and increase the liquor tax; the transfer of excess non-general fund balances to the State general fund;

the Senate President's proposal to balance the budget; transferring a portion of the Emergency Budget and Reserve Fund, or "rainy day" fund; and increasing the cigarette tax. With regard to expenditures, numerous strategies were examined, including attrition; across the board reductions; consolidation of departments; and removal of deputy director positions. In weighing the various options and strategies, your Conference Committee carefully scrutinized all government services to ascertain essentiality to the public.

From Opening Day of the 2002 Regular Session, public sentiment continued to be generally opposed to the Governor's proposals to increase State revenues. Your Conference Committee therefore believed that the public sentiment was to reduce government spending. However, the magnitude of these reductions must be put into perspective. To cover the expected revenue shortfall, it would take the complete elimination of the 12 smallest departments (of a total of 19) to generate a savings of \$160 million a year. In another scenario, if the entire revenue shortfall were to be covered by across the board cuts to each department, it would require 7 percent budget cuts, resulting in a \$50 million cut to the Department of Education, and a \$20 million cut to the University of Hawaii.

Your Conference Committee dedicated considerable effort to reallocate resources to fund high priority items while reducing the overall budget. Toward this end, your Conference Committee seriously entertained the policy of attrition – that is, the elimination of vacant positions and funding and redistribution of the workload to the remaining employees. From 1994 to 2001, however, the Executive workforce decreased by 2,277 positions to 43,327. Despite the overall reduction, the Department of Education's workforce increased by 3,106 due to mandated needs. These numbers demonstrate that responsibilities within Executive departments have already been redistributed at higher levels than ever to remaining employees and continue to be redistributed each year with the imposition of vacancy and turnover savings.

Although your Conference Committee may have disagreed with prior fiscal initiatives of the Governor, we believe that his cautious approach to trimming expenditures is an appropriate course of action. Specifically, we agree that budget reductions that result in lost jobs should be avoided as much as possible. While we acknowledge that the private sector has had to reduce its workforce recently, your Conference Committee believes that elimination of government positions will only exacerbate our economic situation, as reducing the number of public workers directly affects the delivery of public services.

The assumption that large budget cuts can be made by eliminating vacant positions is flawed. The State already budgets its payroll under the assumption that all positions will not be filled all the time, and implements this assumption through the budget. Payroll for all general funded positions is currently under budgeted by \$49 million to account for vacancies that inevitably occur throughout the course of the fiscal year. Over the years, the level of under funding has increased with vacancy or turnover "savings" imposed by the Legislature. This budget imposes another \$5.9 million for "vacancy savings", which will force agencies to further delay the filling of positions in FY 2002-2003.

Your Conference Committee's review of general funded vacancies indicates that a large percentage exists in the core programs in the Departments of Education (DOE), Health, Human Services, Public Safety, and the University of Hawaii (UH). Moreover, many of these positions are not being filled in order to meet turnover savings assessments, unbudgeted accrued vacation payouts, unbudgeted payroll for workers' compensation claimants, as well as filling of essential positions with emergency hires until qualified applicants can be found.

Your Conference Committee used a combination of revenue generators and expenditure reductions to create this supplemental budget. Your Conference Committee agreed with the Governor's two percent across the board reduction and exercised ten percent vacancy savings in many departments. While this supplemental budget represents a general fund reduction to all executive expenditures by \$96 million, your Conference Committee believes that sufficient resources have been appropriated to allow departments to continue to provide required levels of needed services. Your Conference Committee cautions however, that the demand for services and the corresponding funding level commitments have reached a critical point. No longer will departments be able to absorb across the board reductions. Your Conference Committee stresses that if funding to departments is to be reduced below the levels recommended in this budget, then this Legislature must also reduce the responsibilities placed on those departments.

In addition to these savings, your Conference Committee also investigated various new sources of revenues to compensate for the current budget shortfall. A four-bill approach was undertaken to balance the State financial plan. The most controversial of these bills is SB 706, CD 1, which transfers \$29 million to the general fund from the Hawaii Hurricane Relief Fund in order to provide for essential services that will otherwise be significantly reduced or deleted. Beyond providing essential financial support, this bill also outlines economic incentives to homeowners to reinforce their homes before the next hurricane. The second bill integral to the state financial plan is HB 2827, CD 1, which transfers \$140 million in excess funds from various non-general funds to the general fund. The third bill is HB 2741, CD1, which raises the cigarette tax by one cent in 2003 and an additional half-cent in both 2004 and 2005. Finally, HB 1245, CD 1, transfers \$10 million from the "Rainy Day" Fund to the General Fund specifically to provide for our health and public safety. The passage of these bills provides approximately \$185 million of critical funding to maintain essential services. With these three bills, in conjunction with the expenditure reductions taken in this measure, your Conference Committee is confident that the State can maintain our essential services despite the \$315 million budget shortfall.

Throughout its deliberations, your Conference Committee's priority has been to develop a fiscally responsible balanced budget and financial plan that protects the most vulnerable and fragile of our population, while still paying heed to the current economic plight.

#### **Fixed Costs**

Debt service represents the amount the State owes as a result of issuing bonds for capital improvement projects. Just as an individual may have mortgage, rent, or car payments, the State must make payments on capital it has borrowed. The total debt service payment for fiscal year 2003 will be \$432.2 million. This represents approximately 12 percent of the entire general fund budget for the State. Your Conference Committee understands the importance of capital improvement projects, but urges caution, as bond issuances do not come without some type of cost.

To illustrate how debt service costs can build up, your Conference Committee needs only to discuss the executive's \$900 million CIP supplemental request. This request would result in an additional \$1.593 billion in total debt service. Combined with the \$600 million already appropriated by this legislature last year in its Regular Session and Third Special Session, the total debt service for this

biennium would total in excess of \$2.6 billion. Your Conference Committee believes that judicious use of construction projects is the prudent solution for short-term gain without creating a long-term burden for future generations.

Other mandatory costs include health fund premiums for State employees. These costs are the portion owed by the State as the employer of all State employees. Total health fund premium payments for fiscal year 2003 will be almost \$280 million, or about eight percent of the entire general fund budget for the State. Reducing this amount would decrease the benefits received by State employees and their families, which would result in making civil service positions in State government less attractive.

The State also must provide for the retirement of its workers. For fiscal year 2003, the State's portion for pension accumulation is \$157 million and social security payments are \$139 million, totaling \$296 million. Social security is a requirement of the federal government and must be paid. Not paying into the Employees' Retirement System (ERS) would greatly reduce the amount of pensions that would be available to future retirees and could potentially endanger current retirees' pensions.

The preceding three items alone total more than \$1 billion, or nearly a third of the State's general budget. Your Conference Committee wishes to comment that these are non-discretionary expenditures. The State has little choice than to pay its debts and provide mandated costs for its workers. Once these mandatory costs were taken care of, your Conference Committee began to examine the services the State provides.

### **Lower Education**

Education remains the State's top priority, but the State's current fiscal crisis demands that your Conference Committee carefully scrutinize the Department of Education's (DOE) FY 03 budget to ensure accountability as well as the judicious use of available funding and resources.

Your Conference Committee followed two paths in its evaluation of the Department's budget. The first path taken by your Conference Committee, via this measure combined with revenue generating measures such as S.B. No. 706, H.D. 1, S.D. 1 C.D. 1, was to fund critical needs of the DOE by restoring very important and needed educational programs targeted for reduction, as well as appropriate additional funding for Board of Education (BOE)-approved initiatives that failed to receive Executive approval.

The second path taken by your Conference Committee was to provide sufficient resources to cover all major fixed costs, to facilitate compliance with all legal mandates, and provide funding for additional critical educational programs. While the funding for mandated costs is viewed as critical, the requirements of special needs students and regular education students have been treated equally.

### **Critical needs of the DOE**

Your Conference Committee continues to recognize the need for sufficient school-level resources and has approved an addition of approximately \$700,000 for equipment and textbooks for new special and regular education facilities for five schools. Additionally, your Conference Committee has added approximately \$6.1 million in funding for New Century Charter Schools, which takes into consideration the per pupil allocation amount as determined and amended (memorandum dated March 27, 2002) by the Auditor.

Although your Conference Committee had preferred to rely entirely on other additional revenue generating legislation, your Conference Committee has determined that reductions to the Department's FY 03 biennium budget base can not be avoided. Your Conference Committee notes that its budget includes a majority of the Governor's two percent and additional department-dictated percentage-based budget reductions.

Your Conference Committee agonized over almost every program reduction, each of which was individually reviewed and evaluated for its projected impacts to students, faculty, school, and ultimately, to the public at large. With much reluctance and after intensive deliberation, your Conference Committee agreed to numerous educational program reductions, which may appear to be benign, but in most instances, will negatively impact some child, teacher, school, and/or community. Examples of these hard-to-cut programs targeted for reductions include:

- Computer Education (approximately \$3.6 million)
- Marine and Aquaculture Education Programs (\$32,802)
- Summer School Programs (approximately \$1.2 million)
- Student Enrichment Programs (\$328,557)
- Instructional Material for Regular Education (approximately \$1 million)
- Instruction Development-Administrative Services Programs (\$127,171)
- Hawaii Content and performance Standards Assessment (\$69,015)
- Statewide Administration (\$149,336)

These base budget reductions total approximately \$29 million. However, your Conference Committee, through the passage of various new revenue generating bills, such as S.B. No. 706, H.D. 1, S.D. 1 C.D. 1, has provided additional revenues which allows not only the restoration of approximately \$15 million of the reductions reflected in your Conference Committee's budget, but also adds approximately \$1.2 million in additional DOE-related priorities. Critical educational programs that have been subsequently restored include:

- After-school Plus (A+) Program (approximately \$470,000);
- Vocational Programs (approximately \$3.1 million);
- Curriculum Development (approximately \$1.1 million);
- Preventative Educational Programs (approximately \$1.4 million);
- Hawaiian Language and Culture Education Programs (approximately \$1.9 million);
- Alternative Learning Programs (\$665,699);
- Equipment for Science Education (\$96,800);
- Athletic Programs (\$907,098);
- Community-Based Programs (approximately \$1.1 million);



- Instructional Development and Leadership Programs (\$273,434); and
- Hawaii Content and Performance Standards (\$172,234)

Additionally, your Conference Committee has funded important BOE-approved requests that were denied by the Governor. These requests include:

- Multi-track schools (15.0 positions and approximately \$1 million);
- Junior Reserve Officer Training Corps for Waiakea High School (\$56,500); and
- Grant-in-Aid to Read to Me International (\$150,000)

In its consideration of revenue saving strategies, your Conference Committee determined that reducing the Department's vacancy savings by 10 percent would free up funding not being used to pay employee salaries in a manner that would not devastate critical programs and/or interfere with the Department's ability to provide essential educational services. By reducing the Department's vacancy savings by 10 percent, your Conference Committee has succeeded in creating a budget windfall of approximately \$3 million.

To ensure that the children of Hawaii receive the best education possible, your Conference Committee granted various requests by the DOE for supplemental funding. Your Conference Committee approved \$15 million that will provide new reading trainers, replace old science equipment, replenish science materials, accommodate growth in the Hawaiian language immersion programs, and also support and maintain Multi-track schools.

Your Conference Committee also considered the critical needs of our Hawaii State Public Library System and its patrons and has provided 5 permanent positions and approximately \$270,000 in funding to staff and operate the Kapolei Library in Kapolei, Oahu. Library patrons on the Leeward side have long anticipated the opening and use of the Kapolei Library; therefore, your Conference Committee believes that it is appropriate and timely that operating funds and staff be approved for this library at this time.

With regards to the overall budget of the Hawaii State Public Library System (HSPLS), your Conference Committee was again placed in an exceedingly difficult position. Your Conference Committee is convinced that our public libraries provide sought-after and needed services. However, your Conference Committee, especially in light of the State's current financial situation, must equally ensure fiscal restraint on the part of the HSPLS. As such your Conference Committee has reluctantly reduced HSPLS's budget by two percent, or \$424,504, and has taken an additional \$12,390, which reflects a 10 percent vacancy savings. Your Conference Committee believes that the approved reduction of HSPLS's budget will not interfere with the libraries' ability to provide essential services to the public. Most importantly, critical library functions such as children's and young adult programs will be retained, library services to correctional and long-term care facilities will continue, bookmobile services will continue, and access to library facilities, books, and materials will remain generally unaffected.

During the 2001 Regular Session, special emphasis was placed on improving public school facilities, and \$60 million was appropriated for the general repair and maintenance of public school facilities, while an additional \$120 million was appropriated for various improvements to the public school system including:

- Telecommunication and power infrastructure upgrades
- Renovation of buildings and school sites
- Health and safety improvements
- Heat and noise abatement
- New classroom buildings
- Playground equipment

The Legislature again showed its commitment to the State's public education system by providing an additional \$75 million during the Third Special Session of 2001. With this new appropriation for the repair and maintenance of public schools, the Legislature brought funding for the improvement of the public school system to \$255 million over the fiscal biennium.

Your Conference Committee has sustained this commitment to education by providing an additional \$110 million for the repair and maintenance of public schools for fiscal year 2003. Another \$100 million has been provided for various improvements to public education facilities. These new authorizations bring total funding of public education construction projects to over \$465 million, representing an unparalleled commitment to the State's public education system.

### **Teacher Positions**

Your Conference Committee has carefully deliberated on the Governor's request to reduce regular and special education teacher, as well as educational assistant, positions. The Governor requested a reduction in 162 regular education teacher positions, 63 special education (SPED) teacher positions and 63 educational assistant (EA) positions. Determined that the number of teacher and educational assistant positions should be based on actual workload and need, your Conference Committee intently evaluated the Department's re-assessment of the number of teacher and EA positions proposed for reduction.

The Department recalculated and determined that 79 regular education teacher positions, 52 SPED teacher positions, and 24 SPED EA positions could be eliminated for fiscal year 2003 without compromising service. Your Conference Committee accepted the Department's determination and, accordingly, trimmed the number of teacher and EA positions to reflect the department's re-assessment. By imposing the aforementioned teacher and educational assistant position reductions, your Conference Committee has generated a departmental budget savings of approximately \$4.5 million, without impacting the Department's ability to provide instructional services to its students.

### **Felix Consent Decree and the Contempt Order**

For approximately eight years, the State has been subject to the Felix Consent Decree, which requires the State to provide adequate services for special needs children through the Department of Health and the Department of Education.



**Felix costs-Department of Education**

Consistent with the legacy of the Joint Senate-House Investigative Committee to Investigate the State's Compliance with the Felix Consent Decree (Felix), your Conference Committee reviewed the Department's Felix and Special Education-related requests with an eye toward greater cost-effectiveness and accountability, while continuing to adequately meet the needs of special needs children. The Governor requested approximately \$8.1 million to supplement the \$65 million appropriated for the DOE's Felix Response Plan (FRP) and School Based Behavioral Health (SBBH) services in each year of FY 01-03. Additionally, the Governor requested permanent FTE status for the 1,686.50 temporary employees currently employed by the Department to implement the court-mandated FRP priorities and SBBH services.

Your Conference Committee carefully evaluated the Governor's requests for \$8.1 million in additional funding and 1,686.50 permanent positions for the FRP and SBBH programs and determined, based on the information provided by the DOE, that the additional funding and permanent positions could not be justified. Your Conference Committee decided that there was insufficient information to accurately determine the appropriate number and type of positions needed within the FRP and SBBH programs to meet student needs. As such, your Conference Committee contacted the Department and notified the Superintendent of the Conference Committee's pre-determination not to provide the additional funding nor grant permanent status to its 1,686.50 temporary FRP and SBBH employees and requested additional input from the Department. In two meetings with the Superintendent and other Department staff, the Superintendent acknowledged that the Department could not justify the additional funding and agreed that providing 1,686.50 permanent positions within the evolving FRP and SBBH programs would be premature.

Your Conference Committee applauds the forthrightness of the Superintendent regarding the Department's inability to currently justify the requested increase in funding and permanent positions for the FRP and SBBH programs within EDN 150. The Department's newfound openness and transparency has certainly been underscored by the Superintendent's recent response to the Legislature, which has resulted in the denial of all the Department's supplemental requests for Felix-related costs as well as all of EDN 150. The Department's demonstrated transparency is a result of increased legislative scrutiny of the Department's execution of Felix and other court-mandated services and professes increased cooperation between the Legislature and the Department with regard to the substantial public education budget.

Although your Conference Committee has exercised increased scrutiny over the Department's Felix and special education related costs, your Conference Committee is equally committed to providing sufficient funding and resources to meet the U.S. District Court's Felix-related benchmarks. Your Conference Committee has approved the appropriation of approximately \$223 million in general funds to support the Department's efforts to comply with special education requirements and specific court mandates. Your Conference Committee believes that current special education funding is sufficient to provide adequate services to special needs children.

However, your Conference Committee and the Legislature, as a whole, is open to evaluation of requests for additional resources needed to meet these special needs. For example, despite disapproval of the requested 1,686.50 permanent position counts due to insufficient information, your Conference Committee is mindful that future court decisions relating to the Felix Consent Decree, could substantially affect current Department estimates. Therefore, your Conference Committee has included a budget proviso directing the DOE to complete a comprehensive assessment of its efforts to meet and maintain compliance with the Felix Consent Decree and associated federal statutes.

In the same vein, your Conference Committee has also evaluated a late Governor's request to provide approximately \$9.2 million for autism services. In its evaluation, your Conference Committee has been informed that, at the time of this writing, the DOE and DOH continue to disagree on the total amount of funds that are necessary to provide services to autistic students, the high-end students. Although DOE staff maintain that the entire \$9.2 million would be needed to provide autism services, the Superintendent, during her recent meeting with Conference Committee members, stated that the DOE may be able to provide autism services for a lesser amount and could possibly absorb some of the autism costs within the DOE's current FY 03 base budget. In view of the uncertainty that currently shrouds the projected costs of providing care for autistic students within DOE's organizational structure, which have been projected to be as high as \$22 million, your Conference Committee has chosen to take a cautious approach to the Governor's request for increased funding for autistic services. Your Conference Committee has therefore decided not to approve the Governor's requested supplemental funding. However, your Conference Committee certainly encourages the DOE, if it discovers that additional funding is required to adequately meet the needs of autistic students, to again request the Legislature to provide the needed, additional funding.

Funding for the Felix and Special Education-related programs in the Department of Education generally has been maintained. Concurrently, your Conference Committee has chosen to reduce or eliminate those appropriations that are no longer necessary. FRP fiscal year 2003 appropriations were reduced by \$250,000, which targets unnecessary expenses for the Felix Court Monitor.

Your Conference Committee believes that the approved fiscal year 2003 budget for Felix Consent Decree and special education services and administration, which incorporates the Conference Committee's directive to maintain temporary FRP and SBBH positions, strikes a close balance between the need for fiscal accountability while providing sufficient resources to comply with the State's Felix and special education mandates.

**Felix Costs-Department of Health**

Your Conference Committee acknowledges the recent progress made by the Department of Health's Child & Adolescent Mental Health Division (CAMHD) in improving mental health services for the Felix-class children so as to comply with the Felix Consent Decree. While the supplemental \$10.06 million request was withdrawn by the CAMHD, your Conference Committee remains unclear as to how the CAMHD will offset its multi-million dollar estimated shortfall by reviewing its current expenditure patterns and programmatic strategies to control costs.

By the end of this current fiscal year, CAMHD expects to serve approximately 2,143 registered children and youth. This represents a decrease of over 81 percent from CAMHD's previous population of 11,479 youth registered with CAMHD prior to the November 2001 transition to School Based Behavioral Health (SBBH) services in the DOE. As such, your Conference Committee, after

reviewing CAMHD's 100 administrative positions, reduced the number of administrative positions within CAMHD by 10 percent. This represents a more acceptable level given CAMHD's adjusted number of Felix youths requiring mental health services through the Department of Health.

### Health

Your Conference Committee acknowledges the Department of Health's efforts over the past several years to "right size" government by restructuring various programs internally to become more effective and cost efficient. This entailed abolishing various administrations within the Department of Health (DOH) and merging the functions within remaining administrations.

Prior to the 2002 Regular session, the only programs showing increases in the DOH over the last few years are those under a settlement agreement or court order. So with these increases, come the growing concerns that more legislative scrutiny is required to ensure proper accountability for the use of public funds for these mandated costs. Your Conference Committee carefully reviewed the department's supplemental request for mandated services and provided for only the necessary funds to maintain essential services for the Adult Mental Health Division.

Your Conference Committee is also cognizant that outside of these court mandates, there is a need to maintain essential services to benefit the people of Hawaii. In regard to maintaining the health and safety of the public, your Conference Committee has provided funds to meet the needs of the Emergency Medical Services (EMS) ambulance services by providing collective bargaining increases totaling \$1.64 million for the City and County of Honolulu and for the counties of Hawaii, Kauai, and Maui.

Your Conference Committee further realizes that the scope of the Health Insurance Portability & Accountability Act (HIPAA) compliance activities is expansive and has appropriated \$178,250 to support the DOH's intent on meeting the initial compliance deadline of October 2002.

Finally, your Conference Committee commends the Developmental Disabilities Division for making strides in taking individuals out of institutional settings and moving them into community programs with more self-directed goals.

### Department of Justice Settlement Agreement and the Adult Mental Health Division

In 1991, the United States government filed an action in the United District Court for the District of Hawaii against the State of Hawaii based on the Civil Rights of Institutionalized Persons Act, 42 U.S.C. Section 1997 et seq., regarding the deprivation of rights of persons residing at the Hawaii State Hospital (*United States v. State of Hawaii, et al., Civil No. 91-00137 DAE-KSC*). The State entered into a Settlement Agreement with the United States Department of Justice which was incorporated into a Stipulation and Order filed on September 19, 1991. This and subsequent Stipulations and Orders issued in 1996, 1997, 1998, and 2000, document the State's obligations to enhance the existing array of community services and related supports, to ensure the timely and effective discharge of patients from the Hawaii State Hospital, and to prevent the hospitalization or rehospitalization of individuals.

Your Conference Committee affirms its full support of and commitment to the seriously mentally ill population residing in Hawaii by appropriating \$3.55 million for outpatient community-based services. Your Conference Committee is keenly aware that the original supplemental request for fiscal year 2003 included an additional \$8.4 million for outpatient community-based services and infrastructure support for the AMHD. The additional funding was not provided as your Conference Committee had concerns as to how the AMHD justified its requests for the purchase of outpatient community-based services as well as the need for the additional division infrastructure. As such, your Conference Committee provided partial funding of the total supplemental request pending AMHD's review of its actual expenditures.

Your Conference Committee is concerned that the AMHD's basis for all its funding and expenditure requests is tied to two reports; namely, the "Implementation Plan for Service Development (IPSD) for Fiscal Years 2002–2005 dated March 15, 2001" and the "Hawaii Needs Assessment Project" report dated November 2000. While there is nothing intrinsically wrong with adhering to these reports, your Conference Committee is concerned by the absence of explanations and details as to how the requested amounts were calculated. Moreover, what further concerns your Conference Committee is whether the IPSD is in effect a "court accepted" plan.

Repeated requests during the legislative session by your Conference Committee for specific answers relating to outpatient community-based services were returned with responses that referenced these two reports as the basis of its funding requirements. In responding to the Legislature's various written inquiries, the AMHD's justification for requesting funds were based on the notion that the "Settlement Agreement requires such expenditures..." and "If the supplemental budget request for community-based services was not approved, the Special Master may view this as an indication that the State is unwilling to fully commit to developing a system of services...."

Your Conference Committee assures the Special Master that the State is and has been committed to the plight of the mentally ill population residing in Hawaii. This is clearly evidenced by the fact that the Legislature has provided for the mentally ill population over the last few fiscal years resulting in an on-going annual base appropriation of over \$91.41 million (including funding for administrative support positions) for the AMHD.

Since all of AMHD's requests are tied to the IPSD, the logic that follows is that all requests for funds, including infrastructure support, are based on these projections rather than on actual caseloads. Noteworthy is the fact that in a recent presentation made by the various AMHD administrators and managers, as late as last week, the numbers used to further justify its supplemental funding requests for fiscal year 2003 were still based on and tied to projected numbers of the mentally ill population to be served rather than actual caseloads.

Your Conference Committee directs AMHD to look at actual caseloads and compare them with the projected numbers in order to validate whether they are "on target" with projections before submitting further requests for funding. Based on its current projections and assumptions found in the IPSD, your Conference Committee is further concerned that over-budgeting may occur as a result of the methodology used whereby the focus is on the most severe population case scenario. As such, the funding request for the seriously mentally ill may be based on these higher cost estimates.

Your Conference Committee is also unclear as to how the IPSD's \$122 million amount (over a four-year period) was derived. Your Conference Committee contends that the basis for AMHD calculations to justify its requests thus far is based on "backing into" the numbers found in the IPSD. To place this in proper context, if your Conference Committee agreed to the AMHD's request for funding in the next fiscal biennium, the funding requirement would require a total of an additional \$64 million (including an administrative infrastructure support base to support the community-based services) over and above its current base appropriation of \$91.41 million for a total of \$155.41 million annually.

Your Conference Committee was also unable to determine the basis for assumptions of the 22.5 percent used to calculate the amount needed for administrative infrastructure. The current division-wide infrastructure includes over 166 vacancies, yet the AMHD has requested an additional 22 temporary positions in fiscal year 2003 for administrative infrastructure support based on the IPSD report. Your Conference Committee therefore directs that the AMHD evaluate its existing vacant positions to address current and future needs before requesting for additional infrastructure support.

Your Conference Committee further questions whether there are adequate service providers available to provide the services (also known as the "capacity issue"). Your Conference Committee does not want to see a "culture of profit" by private providers and contractors as was evident under the Felix Consent Decree, however, the AMHD has failed to provide assurances that the current services provided are effective or efficient.

Your Conference Committee is gratified that U.S. Magistrate Kevin Chang was appointed on May 17, 2001, by U. S. District Court Judge Ezra as Special Master to oversee the State's compliance with the Settlement Agreement. Your Conference Committee is confident that the Special Master is providing the AMHD with sorely needed guidance, and that the AMHD will soon be able to provide the Legislature with clear articulation of its activities and justification for its expenditures pursuant to the Settlement Agreement.

Your Conference Committee reassures the people of Hawaii that the Legislature remains fully committed to ensuring that individuals suffering from serious mental illness are provided with the required quality care that they deserve.

#### **Higher Education**

Your Conference Committee is aware that the John A. Burns School of Medicine has lost 30 full time equivalent positions due to budget cuts in the 1990's. To create a world-class research intensive medical school that can help to diversify the economy through biomedical research and biotechnology at the new Kaka'ako campus, your Conference Committee has granted six full-time positions and \$983,900.

Furthermore, your Conference Committee recognizes that the Institute for Astronomy (IfA) in Hilo is the premier establishment for the research and development of advanced technology in the areas of telescopes, large-format semiconductor detectors and instrumentation. Your Conference Committee also realizes the potential to obtain extramural funding in these areas is enormous and that the IfA has already secured more than \$25 million in research funding over the next 3 to 5 years. To continue the excellent work being done at the IfA, your Conference Committee has approved four full-time positions and \$410,561.

In addition, your Conference Committee has provided seven full-time positions and over \$1 million to the Office of Mauna Kea Management to continue the implementation of the Mauna Kea Science Reserve Master Plan. The Master Plan being implemented is a comprehensive guide for the overall management of Mauna Kea, mandated by the Board of Regents and approved by the Governor.

Your Conference Committee understands the major role that the Community College faculty plays in the educational scheme of the State of Hawaii. Therefore, \$1 million has been provided for lecturer replacement funds to provide assigned time for Community College faculty to engage in non-instructional activities.

#### **Human Services**

Your Conference Committee recognizes the efforts of the Department of Human Services (DHS), to provide services to those least able to provide for themselves. It is especially in these tough times that these services are needed the most. Your Conference Committee sought to balance additional services desired by the Department with the fiscal constraints present in all State departments.

In recognizing the needs of the Child Welfare Services Division, your Conference Committee appropriated over \$450,000 for a centralized statewide intake unit and a Title IV-E Eligibility Determination Unit. The centralized statewide intake unit will allow Child Welfare Services to better serve the approximately 20,000 calls per year it receives. With the creation of a stable and well-trained staff, and the use of a single telephone number for 24-hour statewide coverage, your Conference Committee feels that the Department will be able to better allocate its resources to handle these cases of child abuse and neglect. The Foster Care – Income Maintenance Title IV-E Eligibility Determination Unit will help the Department maximize federal reimbursements to the State of Hawaii as it handles complicated foster care regulations.

The Health Insurance Portability and Accountability Act of 1996 requires health care providers to meet stringent federal regulations regarding privacy, security, and transactions and code sets. Your Conference Committee, in recognizing the importance of meeting federal deadlines, has provided for a department-wide HIPAA coordinator for the Department of Human Services. Previous State legislatures have provided for compliance for the different divisions of the Department, but there has been no department-wide oversight for HIPAA compliance. Your Conference Committee believes that oversight on a departmental level is critical to ensure that resources are allocated properly and that the department as a whole achieves compliance.

Child placement board and related payments is once again a cause of great concern for your Conference Committee. Costs are continuing to rise even faster than projected amounts. The Department can not control the number of child abuse cases that are reported, necessitating action on the part of the Department. Not providing for payments for those who care for foster and adopted children would be callous, however, in light of the current economic situation, careful scrutiny of any rising costs is warranted. Your Conference Committee is especially concerned with the increasing additional average monthly costs for difficulty of care payments.

In spite of this, your Conference Committee appropriated an additional \$3.125 million across all means of financing for these increasing payments.

The Department of Human Services provides benefits and services to disadvantaged individuals throughout the State, and your Conference Committee recognizes the importance of these services and acknowledges the role of government as a provider. Although it may appear easy to find excess in the DHS's billion dollar budget, your Conference Committee found that reductions to the Department's budget would either reduce payment levels themselves or reduce the positions that serve to administer these benefits. Accordingly, the reductions made are those that have minimal impact directly to the Department itself and indirectly to the thousands of people it serves.

#### **Public Safety**

The Federal Aviation Administration has mandated increased security requirements at Honolulu International Airport (HIA) as a result of the fatal events of September 11th. To comply with these new requirements, and to keep one of the nation's busiest airports and key point of entry for visitors to our islands protected, your Conference Committee has provided an additional 36 deputy sheriffs to operate eight new posts at HIA.

Your Conference Committee has noted that it has taken nearly 15 years to obtain compliance with the Spear consent decree, which obligates the State to maintain prison facilities in accordance with federal incarceration standards. To maintain the State's accreditation with the National Commission on Correctional Healthcare and avoid further legal entanglements your Conference Committee has provided over \$3.2 million to route an additional 150 inmates to out-of-state incarceration facilities.

Your Conference Committee is impressed with the results of the Department of Public Safety's sex offender treatment program and has approved \$215,498 to identify problem offenders who should not be released on parole and ready those inmates whose success in treatment may significantly reduce their likelihood to re-offend after release. Since 1988, the number of sex offenders paroled from prison has doubled to an average of 58, while the number returning to prison on new sex crime convictions has steadily decreased to a recidivism rate of zero in the past three years.

#### **Defense**

Your Conference Committee has provided for new positions at the Department of Defense to coordinate and plan State anti-terrorism activities and oversee Civil Defense communication systems. Your Conference Committee also provided funds to maintain the Department of Defense's funding of Civil Defense, Hawaii Air National Guard, and the Hawaii Army National Guard at the appropriate levels.

#### **Agriculture**

Your Conference Committee in consideration of the Department of Agriculture's general fund reductions has restored and preserved essential programs. Understanding that the agricultural community has suffered significant reduction in operating funds, your Conference Committee is committed towards supporting the State's agricultural economy by preserving vital agricultural programs.

Recognizing the importance of diversifying Hawaii's agriculture industry, your Conference Committee has appropriated over \$2.3 million for agricultural development and research. Increased funding for the Hawaii Agricultural Business Corporation Revolving Fund will generate additional revenue for the State and aid Kauai's economy by using agricultural lands and irrigation resources vacated with the closure of sugar plantations. Your Conference Committee also provided additional resources for vital improvements to the infrastructure in the Hamakua subdivision to strengthen the agricultural industry of the island of Hawaii.

Realizing the importance protecting Hawaii's consumers and private industries, your Conference Committee restored funds for the measurement and standards program that will protect our consumers, businesses, and manufacturers from unfair practices from the use of inaccurate commercial measurement devices. The use of accurate commercial measuring devices ensures that the public and businesses are protected from incorrect pricing and saves millions of dollars for the people and businesses in Hawaii.

#### **Land and Natural Resources**

Your Conference Committee believes that further reductions to the land and natural resource programs will seriously impact natural resources held in trust by the State. Accordingly, your Conference Committee has appropriated funds necessary to ensure that these resources are conserved and protected. To protect and enhance Hawaii's forest watershed and unique native plant and animal species, your Conference Committee has appropriated over \$5 million in state and federal funds to support the natural area partnership, watershed management, youth conservation corps, and endangered species programs. These programs will protect and improve the condition of forests that benefit Hawaii's water supply as well as enhance the ecosystem of Hawaii's threatened and endangered species.

Your Conference Committee encourages the economic development of commercial fisheries and an environmentally responsible aquaculture industry by providing an additional \$150,000. These funds will benefit the people of Hawaii by conducting research on the restricted fish areas for bottomfish species and a survey on the impacts of shoreline fishing on marine sea turtles. Your Conference Committee further provides an additional \$250,000 for the detection and eradication of invasive species to prevent future economic and ecological damage to Hawaii.

Your Conference Committee understands that our State parks are a vital resource for residents and visitors alike, offering educational opportunities, as well as a diverse coastal and inland experiences. Your Conference Committee believes it prudent to reinvest in and maintain the State park system. To this end, your Conference Committee restored over \$600,000 to maintain and preserve these vital resources for the present and future generations of the people of Hawaii.

#### **Transportation**

Following the events of September 11<sup>th</sup>, one of the greatest areas of concern became our airports and air safety. Your Conference Committee understands the importance of security and has appropriated an additional \$17.7 million to the Department of Transportation to assist in addressing security concerns at airports statewide. Maintaining safety on our State's runways is a paramount concern to your Conference Committee, which has appropriated \$3 million in all means of financing for specialized fire trucks to replace the current aging fleet. This will ensure compliance with federal regulations to keep our airports open for travel.

While your Conference Committee recognizes the service Vanpool Hawaii provides to the citizens of Hawaii, it expresses grave concerns over accountability and responsibility for the program. The Vanpool Hawaii program was started in 1994 with the understanding that the State would provide funding for only a few years, after which the counties would pick up the local cost. However, it is now 2002 and the Department of Transportation is still using State highway funds to subsidize the program. Your Conference Committee has provided funding for the continued use of Vanpool Hawaii for one final year and demands that the State Department of Transportation obtain county funding for this program. In addition, your Conference Committee requests the Department of Transportation to provide performance indicators for the Vanpool Hawaii program.

#### **Attorney General**

In response to the need for information technology support personnel in the Department of the Attorney General, your Conference Committee has allowed for the more efficient use of existing personnel with the transfer of personnel and resources for the purposes of a Data Processing User Support Technician and an Information Accuracy Analyst.

Your Conference Committee recognizes the need to combat healthcare fraud and has provided funds for the continuation of efforts towards the prevention and prosecution of fraudulent and abusive billing practices that contribute to the expanding cost of not only the State Medicaid program, but other health care insurance programs.

#### **Labor and Industrial Relations**

The Department's Office of Community Services (OCS) utilizes contracts that provide basic assistance to those most in need in our society – particularly the economically disadvantaged, the immigrants and the refugees. Your Conference Committee has made a conscious effort to maintain funding of these contracts at the uppermost levels and deflect any reductions that would adversely affect the Office of Community Services (OCS).

#### **Taxation**

Your Conference Committee recognizes the importance of generating revenues to offset decreases in expenditures and has appropriated \$25,000 to allow two teams of three senior auditors to be sent to the mainland to perform audits. Your Conference Committee anticipates a minimum of an additional \$3.5 million in projected revenue from audits performed.

#### **Accounting and General Services**

For the Department of Accounting and General Services (DAGS), your Conference Committee has sought to facilitate the efficient use of State resources, focusing on core programs and activities, and providing only basic needs and services. Consequently, this supplemental budget contains a minimal number of new appropriations for high priority programs and services.

In this light, your Conference Committee has provided for the care and upkeep of the historic No. 1 Capitol District Building, allowed for grounds maintenance personnel and supplies from the Department of Land and Natural Resources to be transferred into DAGS, and also allowed for the payment of maintenance and custodial costs to DAGS from the Department of Commerce and Consumer Affairs.

Your Conference Committee has allowed for the payment for services provided by the Information and Communication Services Division to maintain and service the licensing system for the Professional, Vocational, and Licensing Division of the Department of Commerce and Consumer Affairs.

Your Conference Committee believes in protecting the State's assets and has accordingly authorized an additional \$2.7 million ceiling for risk management mitigation services to provide protection to the State from catastrophic losses. This enables the purchase of property, crime, and liability insurance for the State, and the continued coordination of loss control measures to minimize the cost and reduce losses to the State.

Your Conference Committee has also sought to provide the best fit of program resources in transferring funding for the Hawaii Disability Rights Center to the Office of Community Services.

#### **Capital Improvements Program**

During the Regular Session of 2001, the Legislature appropriated \$500 million for various construction projects, and another \$100 million was appropriated during the Third Special Session of 2001, bringing the total amount of general obligation bond funded projects authorized for the fiscal biennium to \$600 million.

In addressing the Governor's additional \$900 million dollar CIP request, your Conference Committee considered the impacts that a potential \$1.5 billion in new construction projects may have on the State's economy. Expending too large an amount in capital improvements at one time has the potential to saddle the State with too much debt, as well as create artificially high demand, which may in turn cause project bids to increase. Your Conference Committee also gave careful consideration to the correlation between the construction of new facilities and increases in operating costs.

While public funded construction may serve as a means to stimulate economic growth, there are some indications that privately funded construction projects are on the rise. Providing additional tax credits as incentives for such projects may be the more appropriate method to stimulate growth in this sector. However, your Conference Committee recognizes that opportunities exist

where it makes sense to invest in the State's physical infrastructure. As such, your Conference Committee finds it reasonable to authorize an additional \$475 million in new expenditures on construction. Your Conference Committee views any stimulative effect this additional authorization of construction may have on the economy as an added benefit of sensible investment in the State's infrastructure.

Over half of the additional construction expenditures your Conference Committee authorizes invest directly in the State's educational infrastructure. Your Conference Committee sets aside \$210 million for the repair, maintenance, and improvement of our State's public schools. An additional \$56 million is also provided by your Conference Committee for the repair and upgrade of University of Hawaii facilities. Much of the remaining new construction expenditures your Conference Committee provides are for the health and safety needs of various facilities and institutions statewide.

### Conclusion

The nation-wide recession and world-wide sense of fear and apprehension, which arose from the September 11th terrorist attack, contributed to the decline of Hawaii's economy and brought about a predicted \$315 million decline in revenues for fiscal years 2002 and 2003.

Faced with the predicted two-year revenue shortfall, your Conference Committee, as well as the rest of the State Legislature, considered numerous revenue generating alternatives and cost-cutting options in order to ensure a balanced State budget. Your Conference Committee was instrumental in the movement of various revenue generating legislation, which included an increase in the tobacco tax, the transfer to the General Fund of interest generated in the Hawaii Hurricane Relief Fund, and the conveyance of approximately \$140 million to the General Fund from various special and revolving funds.

Your Conference Committee recognizes that government cannot be all things to all people, but has crafted a budget that, although not comprehensive, will provide sufficient resources to allow State agencies to maintain essential public services. In light of the State's financial situation, your Conference Committee respectfully submits this budget with guarded optimism, as it believes that the worst is behind us. Your Conference Committee believes that this budget will balance the State's revenues and expenditures for the present until the expected upswing of the State's economy in the upcoming years.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1800, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1800, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Cabrerros, Espero, Kawakami, Magaoay, Nakasone, Saiki, Suzuki, Yonamine, Davis, Gomes, Leong, Meyer and Moses.

Managers on the part of the House.

(Representative Gomes did not concur.)

Senators Taniguchi, Buen, Chun, Chun Oakland, English, Hanabusa, Ige, Inouye, Kawamoto, Kim, Kokubun, Sakamoto, Tam and Hemmings.

Managers on the part of the Senate.

(Senator Kim was excused.)