

SCRep. 451 Education/Higher Education on H.B. No. 420

The purpose of this bill is to attract teachers and keep them in Hawaii through the establishment of the Hawaii Educator Incentive Program (Program) that will provide financial assistance to students who:

- (1) Complete a state-approved teacher education program in Hawaii; and
- (2) Teach in the Hawaii public school system for a minimum of six years.

The Department of Education, University of Hawaii, Hawaii Association of Independent Schools, University of Phoenix, Chaminade University, Hawaii State Teachers Association, and Hawaii Business Roundtable testified in support of this measure.

Your Committees recognize that Hawaii is facing a shortage of teachers, particularly in specialty areas. The Program will help to attract youth to local teacher education programs, and keep these students in Hawaii to become teachers.

As affirmed by the records of votes of the members of your Committees on Education and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 420 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Morita, Schatz and Blundell.

SCRep. 452 Education on H.B. No. 32

The purpose of this bill is to require the Board of Education (BOE) to conduct a community meeting at each school complex at least four times per year.

The Hawaii Government Employees Association submitted testimony in support of the intent of this bill. BOE submitted testimony in opposition to this bill.

Your Committee finds that there is a widespread public perception that BOE members fail to make themselves adequately accessible at the community level. This bill attempts to alleviate the concern by requiring BOE to conduct community meetings at each school complex. Your Committee would also like to note that the bill calls for a minimum of one BOE member to be present at each meeting, not the full board.

Your Committee has amended this bill to require BOE to conduct a community meeting at each school complex area at least two times per year.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 32, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 32, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Morita and Schatz.
(Representatives Blundell, Leong and Ontai voted no.)

SCRep. 453 Education on H.B. No. 289

The purpose of this bill is to:

- (1) Authorize the Superintendent to decentralize administrative authority by organizing the Department of Education (DOE) into administrative units serving complex areas encompassing multiple school complexes; and
- (2) Establish advisory boards, each of which shall serve a single complex area and report to the Superintendent.

The Hawaii Business Roundtable submitted testimony in support of this bill. DOE submitted testimony in support of this bill with amendments. The Hawaii State Teachers Association and the Hawaii Government Employees Association submitted testimony in support of the intent of this bill.

Your Committee finds that there is a need to find effective ways in which to improve the administration of Hawaii's public education system. This need is magnified as a result of the federal "No Child Left Behind" Act of 2001, which requires significant changes by DOE. Many aspects of public education in Hawaii are currently decided at the state level by the Board of Education (BOE). Whereas some policy areas are better handled by the current system, there are other issues and policies that are better managed at the complex level, where schools can be assisted in a more timely manner.

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

- (1) Specifying that the complex area advisory boards shall be appointed by BOE;
- (2) Requiring BOE to adopt rules governing the scope and operation of the advisory boards;
- (3) Changing the effective date to July 1, 2050 to allow further discussion; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 289, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 454 Education on H.B. No. 335

The purpose of this bill is to require that a child entering kindergarten at a public school be at least five years old on or before:

- (1) October 1st of the school year beginning with the 2006-2007 school year; and
- (2) July 1st of the school year beginning with the 2007-2008 school year.

This bill also requires that any savings realized due to the changes in the admission age of kindergarten students be transferred to the Department of Human Services (DHS) for the Open Doors Program.

The Hawaii State Parent, Teacher, Student Association submitted testimony in support of this bill. An individual submitted testimony in support of this bill with amendments. The Department of Education and DHS submitted testimony in support of the intent of this bill. The Hawaii Association for the Education of Young Children submitted testimony in opposition to this bill. The Hawaii State Teachers Association and Good Beginnings Alliance submitted comments on this bill.

Your Committee finds that the current cutoff date by which entering kindergarten students in public schools must be five years old is too late. Studies of brain development show that children who start kindergarten at too young an age will often suffer in school relative to their peers. This bill will bring the age of kindergarten students in Hawaii in better alignment with accepted standards.

Your Committee has amended this bill by:

- (1) Making kindergarten attendance mandatory;
- (2) Requiring students to be five years old by September 1st of the year in which they enter kindergarten beginning with the 2007-2008 school year; and
- (2) Deleting the requirement that savings be used for the Open Doors Program.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 335, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 335, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 455 Education on H.B. No. 934

The purpose of this bill is to appropriate funds for the Hawaii Teacher Standards Board (HTSB) to maintain a National Board Certification candidate support program for public school teachers.

HTSB, the Hawaii State Teachers Association, and an individual submitted testimony in support of this bill. The Department of Education submitted testimony in support of the intent of this bill. An individual submitted testimony in opposition to this bill.

Your Committee finds that the number of candidates participating in the Hawaii Teacher Standards Board's National Board Certification candidate support program has increased from two individuals in 2000, to 64 in 2002, and to 76 in 2003. Teachers benefit greatly from the support they receive during the rigorous application process. Successful certification indicates that a teacher has attained a national benchmark for outstanding teaching practice. This program is an important component of efforts to retain and foster the professional development of public school teachers, and heightens the morale and effectiveness of teachers.

Your Committee has amended the bill by:

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 934, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 934, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 456 Education on H.B. No. 1091

The purpose of this bill is to provide charter schools with a more equitable funding mechanism by:

- (1) Basing the allocation for charter schools on the national per-pupil allocation amount; and
- (2) Excluding five percent of this amount for Department of Education (DOE) oversight and administrative costs.

The Office of the Governor submitted testimony in support of this bill. The Department of Education (DOE), Hawaii Government Employees Association, and Halau Ku Mana New Century Public Charter School submitted testimony in support of the intent of this bill. The Hawaii State Teachers Association submitted testimony in opposition to this bill. The Board of Education, Voyager Public Charter School, and Halau Lokahi Public Charter School submitted comments on this bill.

Your Committee finds that this bill will allow charter schools to receive an allocation that more accurately reflects their per-pupil needs. Currently, determining an adequate allocation for charter schools is difficult as charter schools receive a per-pupil amount, while regular public schools receive teacher positions as needed without regard to a specific teacher's salary. This bill improves upon the current formulation to ensure that charter schools are funded equitably.

Your Committee has amended this bill by:

- (1) Specifying that the per-pupil allocation for charter schools be based on the average per-pupil amount reported in DOE's most recent financial report, excluding capital improvement project and debt service amounts; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1091, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1091, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 457 Education on H.B. No. 1175

The purpose of this bill is to:

- (1) Amend various statutes to reflect the new administrative structure of the Department of Education (DOE);
- (2) Specify the duties of area superintendents;
- (3) Direct the Board of Education, rather than the Governor, to set the salary of the deputy superintendent; and
- (4) Delete the salary range for deputy superintendents.

Your Committee received testimony in support of this bill from DOE. The Hawaii Government Employees Association submitted testimony in support of the intent of this bill.

Your Committee finds that DOE has tried to reorganize itself to provide administrative support more directly to the schools and complexes within the system. By breaking the districts into complex areas, DOE has been able to provide more expedient and direct support and supervision to each school principal. This bill would codify into law some of the job titles and administrative structures associated with this decentralization initiative.

Your Committee has amended this bill by updating various additional statutes to reflect the new administrative structure of DOE.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1175, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1175, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 458 Education on H.B. No. 136

The purpose of this bill is to reduce unintended teenage pregnancy and sexually transmitted disease rates by ensuring that information provided in state-funded sex education, family planning, and pregnancy counseling is medically accurate.

The Department of Education, Hawaii State Commission on the Status of Women, Planned Parenthood of Hawaii, First Unitarian Church of Honolulu, and Community Alliance on Prisons submitted testimony in support of this bill. An individual submitted testimony in opposition to this bill.

Your Committee finds that medically accurate sex information is critical to improving public health in the State. Requiring medically accurate information in sex education programs can have a significant impact in enhancing the knowledge and health of Hawaii's youth.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 136 and recommends that it be referred to the Committee on Finance.

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

SCRep. 459 Education on H.B. No. 252

The purpose of this bill is to provide a tax credit on the cost of tuition for driver's education programs.

An individual submitted testimony in support of this bill. The Department of Transportation, Department of Taxation, and Tax Foundation of Hawaii submitted comments on this bill.

Under current law, persons under the age of 18 are required to take a driver's education course if they wish to obtain their driver's license. Your Committee finds that driver education programs promote safe driving and can be costly. A tax credit would help to defray the cost.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 252 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Morita, Schatz, Takai and Leong.

SCRep. 460 Education on H.B. No. 805

The purpose of this bill is to require that school officials have access to documents relating to juvenile court proceedings, including any petitions filed, probation officer reports, and any other documents made available to the judge, referee, or other hearing officer.

The Department of the Prosecuting Attorney of the City and County of Honolulu and Hawaii Association of Independent Schools submitted testimony in support of this bill. The Department of Education submitted testimony in support of the intent of this bill. The Judiciary submitted testimony in opposition to this bill. The Office of the Public Defender and the Office of Youth Services submitted comments on this bill.

Your Committee finds that this bill will help school officials in providing special attention, guidance, and program support to juveniles who have been adjudicated in the Hawaii court system. This bill will also help schools to protect students and faculty from individuals who may pose a danger to their peers, teachers, or other school employees.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 805 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Hale, Morita, Schatz, Takai and Leong.

SCRep. 461 Education on H.B. No. 1446

The purpose of bill is to make operative for state income tax purposes, provisions from the Internal Revenue Code including:

- (1) A special depreciation allowance on certain property acquired between September 10, 2001, and September 11, 2004; and
- (2) A special deduction for teachers who buy materials for their classroom.

Your Committee received comments on this bill from the Tax Foundation of Hawaii.

Your Committee finds that teachers routinely use their own personal funds to buy supplies that they cannot afford from their meager official supply allowances. This bill would compensate teachers for some of those expenses. Your Committee respectfully requests the Committee on Finance to consider the substantial impact on income tax revenues that this bill could have.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1446 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Morita, Schatz, Takai and Leong.

SCRep. 462 Education on H.B. No. 1455

The purpose of this bill is to:

- (1) Establish a community-based youth leadership demonstration project for the Hilo-Hamakua-Kohala region of the island of Hawaii; and
- (2) Appropriate funds for the project.

Several individuals submitted testimony in support of this bill.

Your Committee finds that this demonstration project will help students on the island of Hawaii to become more involved with their peers in a leadership capacity. This program will enable students to play a meaningful role in the development of programs to prevent problems such as drug abuse, gang activity, and teen pregnancy.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1455 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 463 Education on H.B. No. 1350

The purpose of this bill is to appropriate funds for a demonstration project by the Hawaii State Public Library System (HSPLS) to install and maintain five Internet kiosks in sites throughout the State.

HSPLS submitted testimony in support of the intent of this bill.

Your Committee finds that Internet kiosks would allow public libraries to provide access to library services at greatly reduced expense to the State. Furthermore, these kiosks could be located in places that do not have a library nearby, and where it would be extremely expensive to create an entirely new library facility.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1350, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1350, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 464 Education on H.B. No. 1358

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for career and technical education programs.

DOE, University of Hawaii, and several individuals submitted testimony in support of this bill.

Your Committee finds that career and technical education programs provide many valuable opportunities to public school students. Career and technical education programs no longer represent a less rigorous academic program, but are truly focused on providing a challenging curriculum designed to provide students with specific marketable skills.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1358, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1358, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 465 Higher Education on H.B. No. 167

The purpose of this bill is to encourage men and women to enter the nursing profession by creating the Nursing Education Loan Program (Program) as a pilot program to provide loans to nursing students who enroll in an approved course of study at a nursing school in Hawaii.

The University of Hawaii (UH) School of Nursing and Dental Hygiene, Hawaii Pacific Health, Hawaii Government Employees Association, Healthcare Association of Hawaii, and Hawaii Nurses Association submitted testimony in support of this bill.

Your Committee finds there is a serious nursing shortage that affects patient care and nurse morale in the State. This bill will aid both in recruiting nursing students and retaining nurses in Hawaii.

Your Committee has amended this bill by deleting its contents and inserting provisions that:

- (1) Establish the Program and the Nursing Education Loan Program Special Fund (Special Fund) to be administered by UH to provide loans to nursing education students in state-approved nursing education programs;
- (2) Specify that loans under the Program shall bear interest at five percent simple interest;
- (3) Allow UH to use up to five percent of the moneys in the Special Fund to administer the Special Fund;
- (4) Require one tenth of the loan amount plus interest to be forgiven for the first five years, and the remaining amount of the loan plus interest to be forgiven following the sixth year, that a loan recipient works as a nurse in Hawaii; and
- (5) Appropriate moneys into the Special Fund.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 167, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morita, Kahikina and Blundell.

SCRep. 466 Higher Education on H.B. No. 129

The purpose of this bill is to enable more welfare recipients to attain economic self-sufficiency through post-secondary education by:

- (1) Expanding eligibility to the Bridge to Hope (BTH) Program to include recipients of the Temporary Assistance to Other Needy Families Program; and
- (2) Appropriating funds to BTH for program expenses and one outreach position.

The Hawaii State Commission on the Status of Women, National Association of Social Workers, Welfare and Employment Rights Coalition, Kokua Council, Community Alliance on Prisons, and nine individuals testified in support of this measure. The University of Hawaii and the Department of Human Services supported the intent of this bill.

BTH enables eligible recipients to receive public welfare benefits while they seek higher education in the University of Hawaii system. BTH also provides funding for campus jobs for participants. Since its inception two years ago, BTH has employed over 200 students. However, due to the lack of funding, there is a waiting list of 100 additional students.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 129, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Morita, Schatz and Blundell.

SCRep. 467 Higher Education on H.B. No. 318

The purpose of this bill is to authorize the University of Hawaii (UH) to retain all positions and all payroll balances remaining after the payment of voluntary severance and special retirement incentive benefits to eligible employees.

UH submitted testimony in support of this bill. The Department of Budget and Finance, Department of Human Resources Development, and Hawaii Government Employees Association submitted testimony in opposition to this bill.

Your Committee finds that this bill will enable UH to use its human and financial resources more efficiently. Without passage of this bill, little incentive exists for UH to update its business practices by creating new jobs, rearranging work assignments, or other similar measures intended to maximize the effectiveness of the UH workforce. In particular, this bill will allow UH to take advantage of the efficiency afforded by new technology that presents alternative methods of accomplishing various tasks and duties.

Your Committee has amended this bill by changing the effective date to July 1, 2020, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 318, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 318, H.D. 1, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Morita, Kahikina, Schatz and Blundell.

SCRep. 468 Higher Education/Education on H.B. No. 1021

The purpose of this bill is to allow the University of Hawaii (UH) Board of Regents to operate New Century Charter Schools that use Hawaiian as their primary language to establish the basis for a laboratory school program in the College of Hawaiian Language (College) at UH-Hilo.

Aha Punana Leo, Inc., Ke Kula o Samuel M. Kamakau Laboratory Public Charter School, Ke Kula O Kekaha Learning Center Public Charter School, Ke Kula O Nawahiokalaniopu Iki Laboratory Public Charter School, and an individual submitted testimony in support of this bill. An individual submitted testimony in support of this bill with amendments. The Hawaii Government Employees Association submitted testimony in support of the intent of this bill. The Hawaii State Teachers Association, Hawaii Education Policy Center, and two individuals submitted comments on this bill.

Your Committees find that this bill will further expand the charter school concept in Hawaii and provide another means to provide for the study of, and in, the Hawaiian language. The College is an excellent source of knowledge on the Hawaiian language and would serve as a good incubator for a laboratory school program using Hawaiian as its primary medium of education.

Your Committees have amended this bill by:

- (1) Changing the effective date to July 1, 2020, to facilitate further discussion; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1021, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1021, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Morita and Ching.

SCRep. 469 Higher Education/Health on H.B. No. 422

The purpose of this bill is to establish a center for nursing (Center) at the University of Hawaii (UH).

The UH School of Nursing and Dental Hygiene, Hawaii Government Employees Association, Hawaii Nurses' Association, and two individuals submitted testimony in support of this bill. The Board of Nursing submitted testimony in support of the intent of this bill. The Department of Budget and Finance and Healthcare Association of Hawaii submitted testimony in opposition to this bill. Kaiser Permanente submitted comments on this bill.

Your Committees find that there is a serious nursing shortage in Hawaii that affects patient care as well as the morale of nurses. The Center proposed by this bill will ensure that data is gathered on the nursing profession in Hawaii that can be made available to the State and private agencies.

Your Committees have amended this bill by:

- (1) Clarifying the purpose of the bill;
- (2) Including the Directors of Health and Labor and Industrial Relations, or their designees, on the board of directors (Board) for the Center;
- (3) Reducing the number of Board members from the business and labor community from five to four;
- (4) Reducing the number of Board members from the nursing profession from five to four;
- (5) Specifying that the Board shall employ an executive director and no more than two other staff positions;
- (6) Changing the effective date of the bill to July 1, 2020, to facilitate further discussion; and
- (7) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Higher Education and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 422, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 422, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morita, Kahikina, Blundell, Nishimoto and Shimabukuro.

SCRep. 470 Consumer Protection and Commerce/Energy and Environmental Protection on H.B. No. 475

The purpose of this bill is to require the State Auditor to conduct a management audit of the Public Utilities Commission (PUC) that includes the following topics:

- (1) Appropriateness and applicability of current utility legislation;
- (2) Adequacy of coverage of current PUC policies, rules, and procedures;
- (3) Management of PUC and the Division of Consumer Advocacy (Consumer Advocate) in terms of providing technical and analytical staff support in case management and enforcement of PUC rules; and
- (4) The effectiveness of PUC and the Consumer Advocate in dealing with telecommunications, energy, and other utility issues.

Testimony in support of this measure was received from the Sierra Club. PUC and Hawaii Renewable Energy Alliance testified in support of the intent of this bill. The Consumer Advocate provided comments.

Your Committees find that an audit of the PUC will generate useful information that will provide the public with information on the role of PUC, and assist PUC to meet its statutory and legislative duties and improve its performance of those duties.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 475 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Herkes, Caldwell, Kanoho, M. Oshiro, Souki, Stonebraker and Evans.

SCRep. 471 Consumer Protection and Commerce on H.B. No. 18

The purpose of this bill is to establish pharmaceutical benefit management company (PBM) duties and obligations in the administration and management of prescription drug benefit coverage on behalf of their clients.

Testimony in support of this measure was received from the ILWU Local 142 and the Hawaii State Teachers Association. Pharmaceutical Care Management Association, Medco Health Solutions, Inc., and AdvancePCS submitted testimony in opposition to this bill.

Your Committee finds that prescription drug costs are the fastest rising segment of health care expenditures in our country. According to the research firm IMS Health, prescription drug costs amounted to over \$170 billion in the year 2001 alone. Just five years earlier, the amount spent on prescription drugs was less than half of that or roughly \$80 billion. To help rein in these expenses, employers who provide health benefits to their workers and health plans (plans) are increasingly turning toward PBMs.

Your Committee finds that PBMs' responsibilities include but are not limited to:

- (1) Tracking all prescriptions written by physicians in a plan they have contracted with;
- (2) Administering prescription drug claims;
- (3) Establishing formularies;
- (4) Tracking physician prescribing patterns; and
- (5) Providing education to improve efficiency and cost effectiveness.

Although your Committee commends PBMs for having saved billions of dollars in prescription drug costs over the past decade, your Committee has serious concerns regarding the alleged practices currently employed by PBMs regarding patient privacy and rebates.

Your Committee is aware of concerns expressed by some physicians that PBMs are increasingly intruding into patient privacy. Under the guise of properly processing benefit claims, PBMs collect vast amounts of patient-specific information, which may be shared with the patients' employers. A breach of patient confidentiality of this type may have a negative effect on patient care, as many employees may choose not to seek attention for sensitive medical conditions out of fear that their employer will eventually find out about it. Additionally, because some pharmaceutical manufacturers own large PBMs, this patient-specific information may also be used in their marketing efforts.

Furthermore, your Committee believes certain PBMs are faced with an inherent conflict of interest. At the same time that they are purportedly working to find the best prices on prescription drugs for their clients, they are supposedly engaging in the practice of pushing their parent companies' higher-end prescription drugs to obtain higher rebates. If the latter is indeed the case, your Committee has concerns that the rebate system may skew formulary decisions made by PBMs and may encourage the use of high-rebate, brand-name products over cost-effective, generic products. Such a model built on rebates feeds on higher priced products and is extremely unlikely to result in lower costs for the consumer.

The non-partisan General Accounting Office (GAO) has concluded that the keys to profit for two of the largest PBMs are rebates and fees from drug manufacturers, many of which as stated before, are the parent companies of PBMs. On the surface, your Committee finds nothing intrinsically wrong with PBMs accepting rebates. However, when such rebates are not passed on to their beneficiaries, as is apparently the case, your Committee has difficulty discerning whose interest the PBMs are actually serving.

Additionally, your Committee feels that this bill would be unnecessary if PBMs were willing to disclose information regarding their rebate practices, and amounts received from drug manufacturers to promote sales of their products. Unfortunately, to this day, PBMs have claimed that such information is proprietary, and have refused to disclose this information to the GAO.

Your Committee notes that several other states, including West Virginia, Pennsylvania, New York, and all six New England states, are considering similar legislation in their jurisdictions.

In conclusion, although your Committee recognizes the concerns expressed by the opponents of this bill, your Committee feels that establishing duties and obligations for PBMs is a positive step toward transparency in the prescription drug pricing process.

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

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 472 Consumer Protection and Commerce on H.B. No. 471

The purpose of this bill is to require an environmental assessment for proposed wastewater facilities, waste-to-energy facilities, landfills, oil refineries, and power-generating facilities.

The Office of Environmental Quality Control and the Board of Water Supply submitted testimony in support of this measure.

Your Committee finds that under existing law, wastewater facilities, waste-to-energy facilities, landfills, oil refineries, and power-generating facilities may be constructed without complete environmental studies or adequate community input. Your Committee further finds that requiring an environmental assessment for these facilities would ensure that decision-makers have the proper information about environmental, social, cultural, and economic consequences before approving construction.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 471, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 473 Consumer Protection and Commerce on H.B. No. 13

The purpose of this bill is to provide Hawaii residents with access to prescription drugs at reasonable prices by:

- (1) Establishing a prescription drug cost control education program aimed at educating physicians and other health care providers authorized to prescribe or dispense prescription drugs about the costs and benefits of various prescription drugs; and
- (2) Requiring pharmaceutical manufacturers doing business in Hawaii to submit annual reports that disclose certain advertising, marketing, and promotional expenditures in the State.

Testimony in support of this bill was submitted by the Hawaii State Teachers Association, ILWU Local 142, and American Association of Retired Persons. The Office of Information Practices (OIP) suggested amendments. Pharmaceutical Research and Manufacturers of America opposed this bill. The Board of Pharmacy offered comments on this measure.

Your Committee finds that the cost of prescription drugs has risen significantly in recent years. Your Committee has reason to believe that direct-to-consumer advertising may contribute to these rising costs, in part by making certain prescription drugs household names, and increasing sales of such drugs even while less costly generic and other alternative drugs are available.

Your Committee believes that this problem may be addressed by requiring pharmaceutical manufacturers to disclose certain advertising, marketing, and promotion expenditures. This bill requires pharmaceutical manufacturers to submit annual reports disclosing such information.

In addition, your Committee believes that requiring disclosure of certain pharmaceutical manufacturer expenditures sufficiently addresses the problem of the relationship between marketing expenditure, drug popularity, and rising prescription drug costs. Accordingly, this bill has been amended to delete all references to the educational program and its funding.

Furthermore, your Committee has amended this bill as suggested by OIP, to permit trade secret information, as defined in section 482B-2, Hawaii Revised Statutes (HRS), to remain confidential. Your Committee finds this consistent with chapter 92F, HRS, the Uniform Information Practices Act, which permits government agencies to withhold trade secrets from disclosure when necessary to prevent the frustration of a legitimate government function.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 13, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 13, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 474 Consumer Protection and Commerce on H.B. No. 1013

The purpose of this bill is to reduce the number of unnecessary disputes and expedite resolution of workers' compensation permanent impairment determinations by:

- (1) Requiring that both the employer and employee mutually agree upon the examiner who will determine whether the employee is permanently impaired;
- (2) Providing that if mutual agreement on an examiner is not reached, the Director of the Department of Labor and Industrial Relations (DLIR) shall appoint an examiner from a list of qualified examiners maintained by the Director; and
- (3) Authorizing the Director to develop and adopt rules to effectuate the purpose of this Act.

The Consumer Lawyers of Hawaii submitted testimony in support of this bill and suggested an amendment. The Hawaii Insurers Council opposed this bill.

Your Committee finds that currently the process for the selection of permanent impairment examiners is not defined by statute or rule. Consequently, a litigious mood often pervades the selection of medical examiners and the process tends to be lengthy. This bill attempts to streamline the process by requiring opposing parties to agree upon a mutually acceptable examiner, or failing that, allowing the Director of DLIR to appoint an examiner. Your Committee believes that these procedures will reduce delays and costs and result in the appointment of a fair and qualified examiner by agreement of the parties.

Your Committee also recognizes that the examiner appointed by the Director must be appropriately qualified to diagnose the type of impairment being determined. Accordingly, your Committee has amended this bill by:

- (1) Requiring DLIR to maintain examiner lists categorized by specialty of practice; and
- (2) Allowing the Director to select an examiner by specialty of practice when necessary.

Finally, your Committee has made a clarifying amendment to clearly restrict the procedure in the bill to examinations to determine permanent impairment. Other technical, nonsubstantive amendments have been made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1013, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1013, H.D. 2.

Signed by all members of the Committee except Representatives Ito, M. Oshiro, Souki and Thielen.

SCRep. 475 Consumer Protection and Commerce on H.B. No. 1412

The purpose of this bill is to protect consumers by:

- (1) Establishing a licensing program for professional counselors;
- (2) Providing penalties for use of the title "licensed professional counselor" without a valid license; and
- (3) Establishing a Professional Counselors Licensing Program Startup Trust Fund (Startup Fund) to receive gifts, bequests, and other contributions of money for the initial costs of implementing the program.

Your Committee received testimony in support of this bill from the Alliance for Professional Counselor Licensure, Hawaii Youth Services Network, Hawaii Rehabilitation Counseling Association, National Association of Social Workers, and a number of concerned individuals. The Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs testified in opposition to the bill. The Hawaii Government Employees Association and a concerned individual testified in opposition and suggested amendments.

Your Committee heard competing testimony on this bill. Those supporting the measure testified that the bill would:

- (1) Protect the public by ensuring that professional counselors possess appropriate qualifications and follow ethical standards of the profession;
- (2) Increase the number of persons available for employment by the Department of Education (DOE) and Department of Health (DOH), by allowing professional counselors to qualify for positions that currently require a license; and
- (3) Allow professional counselors to compete on even footing with other licensed professionals with equivalent qualifications, who are purportedly provided favorable treatment under the hiring policies of DOE and DOH.

Those testifying in opposition stated that:

- (1) The Auditor determined in three sunrise reports that there was little evidence of consumer harm, and that regulation would benefit counselors and not consumers and was not warranted;
- (2) Licensed professional counselors do not qualify as mental health providers under Medicare and will not be able to draw down federal funds unless a bill currently pending in Congress is passed;
- (3) The bill's "grandfather" provision exempts professional counselors from all licensing requirements, is broader than comparable provisions in the licensing laws, and would defeat the consumer protection purpose of the bill;
- (4) The bill requires at least a master's degree in excess of minimum qualifications under federal law, and of DHS qualifications for positions in Vocational and Rehabilitation Services for the Blind Division. This would adversely impact the State's ability to serve individuals with disabilities, because it will not be able to compete with the private sector for licensed professional counselors; and
- (5) The Startup Fund is unique and unlike any other fund for a regulated profession or vocation because it uses private, special interest moneys rather than general funds.

Your Committee finds that this bill is the same measure that was passed by the Legislature in 2002 and was vetoed by the Governor, who cited the bill's effect on DOH's ability to provide services to persons with disabilities as well as the unique nature of the Startup Fund.

Upon reflection, your Committee has amended this bill by:

- (1) Exempting professional counselors employed by the State or its political subdivisions or instrumentalities from the law; and
- (2) Changing the effective date of the bill to July 1, 2050, to allow further consideration and discussion of these matters.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1412, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1412, H.D. 2.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 476 Consumer Protection and Commerce on H.B. No. 1631

The purpose of this measure is to extend the existing general excise tax (GET) exemptions for condominium common expenses paid by managers, and hotel employee expenses paid by hotel operators, to include amounts received by:

- (1) The submanager of an association of apartment owners or a nonprofit homeowners community association in reimbursement for sums paid for common expenses;
- (2) The operator of a hotel from a timeshare operation equal to and which are disbursed for employee wages, salaries, payroll taxes, and insurance premiums and benefits; and

- (3) The suboperator of a hotel from the hotel owner, a timeshare association, or the hotel operator, equal to and which are disbursed by a suboperator for employee wages, salaries, payroll taxes, and insurance premiums and benefits.

Outrigger Hotels submitted testimony in support of this measure. The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee agrees that extending the existing GET exemption to include expenses paid by condominium submanagers and hotel suboperators, as well as expenses of timeshare projects would extend equitable treatment to taxpayers in similar situations. Your Committee understands that this bill would allow local companies to operate in the same way as companies on the mainland do without any significant loss of tax revenue.

However, your Committee is also aware that the Department of Taxation is willing to meet with the interested parties and discuss this measure further. Accordingly, your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1631, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1631, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 477 Consumer Protection and Commerce on H.B. No. 1182

The purpose of this bill, which applies to situations where in-the-field emergency response personnel provide medical services to an individual whose heart or breathing has stopped, is to allow an individual, or their guardian, agent, or surrogate, to make healthcare decisions on behalf of the individual with regard to the withholding of cardiac resuscitation and artificial breathing, and implementation of "comfort care only-do not resuscitate" protocols (CCO-DNR).

Testimony in support of this bill was submitted by the Department of Health.

Your Committee finds that even when an individual directs in a certified, written document that the individual desires CCO-DNR protocols to be implemented in situations requiring emergency medical services, current law requires that the individual's physician first declare a terminal condition before these protocols may be implemented.

Your Committee recognizes that this mandated diagnosis of a terminal condition not only usurps an individual's autonomy, but also, is often a difficult diagnosis for a physician to make. This bill attempts to restore an individual's autonomy by removing the condition that a physician diagnose a terminal condition.

Your Committee finds that this bill provides consistency with the rights of individuals as set forth in chapter 327C, the Uniform Health Care Decisions Act, and its provisions for advanced directives.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1182, as amended herein, and recommends that it be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 1182, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro, Souki and Thielen.

SCRep. 478 Consumer Protection and Commerce on H.B. No. 373

The purpose of this bill is to permit tenants the reasonable exercise of their right to political speech, by limiting the requirements and restrictions that a landlord may impose on political signs placed on the property occupied by the tenant.

Testimony in support of this measure was submitted by the American Civil Liberties Union of Hawaii.

Your Committee finds that there have been instances where persons leasing or renting property and wanting to support a political candidate have been prohibited from doing so by their landlords or landowners. Your Committee believes that a citizen's right to exercise political speech must be protected as long as it does not unreasonably interfere with the landowner's ability to use the property.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 373, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 373, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Ito, Kanoho, Lee, M. Oshiro and Souki.
(Representative Stonebraker voted no.)

SCRep. 479 Consumer Protection and Commerce on H.B. No. 1171

The purpose of this bill is to improve the Medical Claim Conciliation Panel (MCCP) process in which medical tort claims are reviewed by MCCP before they may be pursued through the judicial system. Specifically, this bill:

- (1) Attempts to give the claimant or claimant's attorney (claimant) a clearer understanding of a claim's issues and merits, by:
 - (A) Requiring the claimant to make three good faith attempts to consult a licensed physician in the same medical specialty as the physician against whom the claim is made, regarding the merits of the claim; and

- (B) Mandating that claims filed with M CCP be accompanied by the claimant's certification that based on the consultation, the claimant believes there is reasonable and meritorious cause for the filing of the claim; and
- (C) Giving claimants, who did not have enough time to file a certification with the claim because of the statute of limitations, 30 days from the date of filing to obtain a consultation and submit the certification;
- (2) Gives the parties the option of agreeing to submit the claim to an alternative dispute resolution (ADR) provider certified by the Hawaii Supreme Court, rather than to M CCP; and
- (3) Reduces the processing time for M CCP and ADR claims by requiring that M CCP and ADR proceedings be completed in 12 months instead of 18 months.

Testimony in support of this bill was submitted by the Department of Commerce and Consumer Affairs (DCCA). Consumer Lawyers of Hawaii submitted testimony in opposition to this bill.

Your Committee finds that the improvements proposed by this bill have merit. However DCCA and the Consumer Lawyers of Hawaii have not been able to resolve all of their differences on the bill, and more time is also needed to resolve related issues. Your Committee has amended this bill accordingly, as well as to provide greater claimant protection, particularly to pro-se claimants. Among other things, the amendments:

- (1) Allow a claimant to consult with any licensed physician when the claimant is unable to consult with a physician in the same medical specialty as the health care professional against whom the claim has been made;
- (2) Delete the requirement that the three attempts to consult with a physician be made in "good faith." Your Committee believes that more discussion is necessary to narrow and define this guideline;
- (3) In instances where the claimant is unable to obtain the consultation before the statute of limitations would impair the action, extend from 30 to 90 days from the date of filing of the claim, the time given the claimant to obtain a consultation and file a certification;
- (4) Provide that the Director of DCCA shall approve the ADR provider selected by the parties, rather than the Supreme Court of Hawaii, which expressed unwillingness to perform the certification; and
- (5) Change the effective date of the bill to July 1, 2050, to allow further discussion and resolution of these issues.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1171, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1171, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Ito, M. Oshiro, Souki and Thielen.

SCRep. 480 Consumer Protection and Commerce on H.B. No. 1103

The purpose of this bill is to ensure fairness and openness in the procurement process by:

- (1) Requiring the Procurement Policy Board to support small businesses through set-asides and the establishment of large contract evaluation criteria that encourage the use of small business subcontractors;
- (2) Mandating the establishment of a Hawaii Procurement Institute in cooperation with the University of Hawaii law school, to among other things, improve the procurement laws and provide education and training for Hawaii's contractors;
- (3) Repealing the requirement that a competitive sealed bid on construction be disqualified for being in noncompliance if it omits a subcontractor performing work that is more than one percent of the contract price, and giving the agency the discretion to accept these bids;
- (4) Providing the purchasing agency greater flexibility in designating members of:
 - (A) The review committee that reviews qualifications of persons desiring to be listed for professional services contracts; and
 - (B) The screening committee, renamed the selection committee, that selects three finalists for professional services contracts;
- (5) Authorizing the selection committee rather than the head of the purchasing agency to rank the three applicants selected, and thus select the first person to be offered the contract;
- (6) Requiring that only those professional contracts in excess of \$25,000 be posted electronically for a year;
- (7) Providing that unsuccessful applicants for competitive sealed proposals and professional services contracts may request a debriefing from the chief procurement officer and file a protest within three days after the debriefing;
- (8) Adding contracts for construction valued at less than \$500,000 to the types of contracts that an agency may enter into with a qualified community rehabilitation program (QRP) without advertising or calling for bids; and
- (9) Authorizing a preference for QRPs that submit a proposal to provide construction valued at less than \$500,000.

Testimony in support of this bill was provided by the Department of Accounting and General Services (DAGS) and American Society of Civil Engineers. American Council of Engineering Companies of Hawaii supported the intent of this bill.

Testimony in opposition to the bill was provided by the Iron Workers Stabilization Fund. Testimony in opposition to section 4 of the bill was submitted by Plumbers and Fitters Local 675, Plumbing and Mechanical Contractors Association of Hawaii, and Sheet Metal Contractors Association.

Comments were received from the State Procurement Office, American Public Works Association, Hawaii Construction Industry Association, Associated Builders and Contractors, Hawaii Chapter, Inc., Subcontractors Association of Hawaii, American Institute of Architects, Iron Workers Union, Local 625, and Pacific Resource Partnership and Pacific Structural Consultants, Inc.

Your Committee finds that the amendments made by this bill, including the set asides and preferences for small business and qualified rehabilitation programs, have the potential to improve government's procurement practices. However, your Committee finds that it is unclear what groups will be positively or negatively affected by the small business set-asides and preferences under the bill's small business provisions. In addition, your Committee questions whether other, similar groups should be extended a preference under the Procurement Code (Code) if one is provided for QRPs.

Accordingly, your Committee has amended this bill by:

- (1) Removing the sections concerning small business and QRPs. Instead, the bill requires a study by DAGS in cooperation with the State Procurement Office and Procurement Policy Board, and with the participation of representatives of business, county procurement agencies, QRPs, and other similar groups potentially suitable for and interested in being provided preferences under the Code. The study is to, among other things:
 - (A) Define "small business" and "preference";
 - (B) Determine whether groups in addition to QRPs, including but not limited to native Hawaiians, women-owned businesses, veterans and minority-owned businesses, should be included in any preference under the Code;
 - (C) Determine the impact of any proposed preference or set-aside on other potential Code contractors; and
 - (D) Result in the development of proposed legislation to be submitted to the Legislature prior to the Regular Session of 2004.
- (2) Removing section 4 of the bill, which would have repealed the requirement that a competitive sealed bid on construction be disqualified if it omits a subcontractor performing more than one percent of the value of the contract;
- (3) Adding a second part to this bill, consisting of the substance of H.B. No. 703, 2003, which:
 - (A) Removes architects, landscape architects, professional engineers, and land surveyors from the definition of "professional services" under the Code, designating them instead, "design professional services"; and
 - (B) Establishes procurement procedures for design professional services that meet national procurement standards for these services;
- (4) Allowing non-selected professional services providers to request a debriefing;
- (5) Changing the bill's effective date to July 1, 2050, to allow further discussion of the bill; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1103, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Herkes, Caldwell, Ito, Kanoho and M. Oshiro.

SCRep. 481 Consumer Protection and Commerce on H.B. No. 1153

The purpose of this bill is to provide the Public Utilities Commission (PUC) with greater flexibility in administering and providing intrastate telecommunications relay services (TRS) for persons with hearing and speech disabilities. Specifically, this bill amends the section of the PUC chapter of the Hawaii Revised Statutes (HRS), that controls the provision of TRS for the deaf, hearing impaired, and speech impaired, by:

- (1) Allowing PUC to recover the costs of administering and providing intrastate TRS in Hawaii by:
 - (A) Establishing a customer surcharge; and
 - (B) Adopting rules to establish a cost-recovery mechanism;
- (2) Making housekeeping amendments to conform terminology used in the section, as well as the definition of "telecommunications relay services", to Federal Communications Commission terminology and definitions;
- (3) Repealing section 269-16.7 HRS, which requires the PUC to expedite to the greatest extent possible, any ratemaking procedures when a local exchange telecommunications services provider applies for approval of rates, charges, or fees for specialized services for the deaf, hearing impaired, or speech impaired; and
- (3)[sic] Removing obsolete provisions applicable to the period beginning July 1, 1989, and ending June 30, 1992.

The PUC and the Division of Consumer Advocacy (Consumer Advocate) submitted testimony in support of this bill. An interested citizen supported the intent of the bill and suggested an amendment. AT&T Wireless testified in opposition and suggested an amendment.

Your Committee finds that TRS are telephone transmission services that allow an individual with a hearing or speech disability to communicate with a hearing individual by wire or radio in a manner functionally equivalent to that of an individual with no hearing or speech disability. These services include text telephones, speech-to-speech, video relay, and non-English relay services.

Your Committee was informed that TRS services are provided by Verizon Hawaii, Inc., and funded by an access line surcharge on Verizon customer bills. Verizon collects from two other intrastate telecommunications providers through interconnection agreements. Your Committee finds that this bill will give PUC greater flexibility in funding the TRS program by allowing PUC to more equitably spread the costs of providing TRS over a wider array of telecommunication users.

Your Committee has amended this bill by changing its effective date to July 1, 2050, to facilitate further discussion on this important matter.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1153, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1153, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 482 Labor and Public Employment on H.B. No. 970

The purpose of this bill is to require the Board of Trustees (Board) of the Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) to fulfill its responsibilities in accordance with section 404 of the Employees Retirement Income Security Act of 1974, as amended.

The Hawaii State Teachers Association supported the intent of this measure. The Department of Budget and Finance and the Hawaii Government Employees Association opposed this bill.

Among other things, Act 88, Session Laws of Hawaii 2001, requires the transfer of all civil service employees of the Hawaii Public Employees Health Fund to the Trust Fund on July 1, 2003. Moreover, the Board may contract for health benefits plans and group life insurance benefits plans, which shall become effective on July 1, 2003. However, due to disagreements, the Board has been unable to prepare for these deadlines. Accordingly, this bill seeks to ensure that the Board's work will get done on a timely basis by applying fiduciary responsibilities on the Board.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 970 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki and Moses.

SCRep. 483 Labor and Public Employment on H.B. No. 387

The purpose of this bill is to lessen the costs of workers' compensation claims associated with stress claims by expanding the prohibition of stress-related workers' compensation claims to include all lawful personnel actions.

The Department of the Attorney General, Department of Human Resources Development, Department of Labor and Industrial Relations, Department of Human Resources of the City and County of Honolulu, Hawaii Insurers Council, Chamber of Commerce of Hawaii, and Society for Human Resource Management testified in support of this measure. The Department of Public Safety and Department of Education testified in support of the intent of this measure. The Hawaii Newspaper Guild, ILWU Local 142, Hawaii State Teachers Association, and Consumer Lawyers of Hawaii testified in opposition to this measure.

The Hawaii Supreme Court ruling in Davenport v. City and County of Honolulu that an injury stemming from personnel actions incidental to employment that serves as an important interest to the employer is compensable under the Workers' Compensation Law will have enormous ramifications on both State and county governments, as well as private employers. Although your Committee feels that the Davenport ruling is overly broad and tips the scale in favor of the employee, basic protections need to be provided to employees, especially since there is generally a disparate economic situation between an employee and their employer. However, limits must be crafted to ensure that Hawaii's Workers' Compensation Law provides benefits for legitimate workplace injuries in a manner that is fair to both the employer and the employee.

Feeling that this measure warrants further discussion, your Committee has amended this measure by:

- (1) Including language establishing a good-faith standard for the disallowance of stress-related claims resulting from lawful personnel actions;
- (2) Encompassing physical manifestations of stress;
- (3) Prohibiting claims to be filed for mental injury or illness resulting from an investigation into possible disciplinary action;
- (4) Changing the effective date to February 31, 2050, for purposes of further discussion; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 387, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 387, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki, Moses and Pendleton.

SCRep. 484 Agriculture/Water, Land Use, and Hawaiian Affairs on H.B. No. 1558

The purpose of this bill is to fulfill the mandate of preserving and protecting important agricultural lands as stipulated in Article XI, Section 3, of the Hawaii State Constitution by establishing:

- (1) The concept of "development rights" including a land preservation bank, a land preservation fund, and a process by which land development rights may be registered, purchased, or transferred;
- (2) Criteria for the designation of important agricultural lands; and
- (3) Standards and criteria for the reclassification and rezoning of important agricultural lands.

The bill also:

- (1) Outlines "permissible uses" on important agricultural lands, as well as in rural districts;
- (2) Provides for real property tax credits for important agricultural lands meeting certain criteria; and
- (3) Allows counties to create a program to designate growth zones in rural districts to which development credits (rights) acquired on designated important agricultural lands may be applied.

To expedite the hearing, your Committees on Agriculture and Water, Land Use, and Hawaiian Affairs received testimony simultaneously on this and several other measures relating to this subject. Prior to receiving testimony, your Committee Chairs explained that:

- (1) All measures relating to the complex issue of preserving important agricultural lands would be deferred to the 2004 legislative session; and
- (2) A working group of all involved and interested persons will meet through the 2003 legislative session and the forthcoming interim to obtain consensus agreement towards enactment of a bill in 2004.

Because of its broad and complex scope, including concepts not before considered seriously, most of the testifiers supported the intent of the bill or some of the bill's provisions, but also expressed concerns or strong opposition to other provisions. These testifiers included the Department of Agriculture, Department of Land and Natural Resources, City and County of Honolulu, Land Use Commission, College of Tropical Agriculture and Human Resources, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Land Use Research Foundation of Hawaii, Hawaii Agriculture Research Center, Hawaii Leeward Planning Conference, The Estate of James Campbell, Hawaii Reserves, Inc., and Hawaii's Thousand Friends.

Accordingly, your Committees have retained in this bill only the concept of "development rights" in order to allow for further discussion and understanding of this option, which your Committees believe have considerable merit. Enactment of this concept into law would also enhance the State's ability to secure federal moneys, which are reportedly available as a result of recent passage of the Federal Farm Act.

The bill, as amended, provides tax credits to owners of "important agricultural lands" who voluntarily surrender their development rights in perpetuity. Essentially, the tax credits would amount to a percentage of the financial benefits that would have been realized by the landowner if development had occurred. The bill also allows a landowner to donate land to a charitable, non-profit entity and receive additional tax credits for the value of the land. Under this arrangement, the land would also be preserved in perpetuity for agricultural use.

Your Committees note that this concept would be administered largely by a contracted private financial institution and that associated costs could be absorbed by surcharges in "development rights" transactions or moneys in a special fund. As such, no government bureaucracy need be established and no public funds would be required, except for oversight.

Your Committees, at this juncture, also considered the inclusion of provisions to allow for the acceptance of funds from federal, state, public trust, or any other source, but such a provision would have required the establishment of a depository. This proposed amendment is not contained in this draft because of legislative time constraints and because discussion on the establishment of such a special fund had been inadvertently overlooked in committee deliberations. Your Committee Chairs will vigorously pursue the inclusion of such a special fund in subsequent committees in preparation for and to enhance any possibility of securing external funds.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water, Land Use, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1558, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1558, H.D.1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Tamayo, Ontai, Evans and Bukoski.

SCRep. 485 Transportation on H.B. No. 458

The purpose of this measure is to provide equity among all users of state wharves by exempting interstate and intrastate shipping cargo from wharfage fees at intermediate ports within the State.

The Pineapple Growers Association of Hawaii, Meadow Gold Dairies, Hawaii Food Industry Association, and Hawaii Farm Bureau Federation testified in support of this measure. Young Brothers Limited testified in support of the intent of the measure. The Department of Transportation (DOT) and Matson Navigation Company testified in opposition to this measure.

Current law provides for an exemption from wharfage fees of interstate cargo originating outside of Hawaii. This exemption appears to discriminate against local companies using state wharves for inter-island transport.

Your Committee understands the concerns raised by DOT regarding the loss of approximately \$25,000,000 in revenues because of the broad definition of "intermediate ports". Accordingly, your Committee has amended this measure by:

- (1) Limiting the exemption from wharfage fees to outgoing inter-island cargo moved over state wharves; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 458, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 458, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 486 Education on H.B. No. 1340

The purpose of this bill is to authorize the Hawaii Teacher Standards Board (HTSB) to impose penalties against persons who hire unlicensed individuals as teachers and individuals who inaccurately portray themselves as licensed teachers.

Your Committee received testimony in support of the bill from the Hawaii State Teachers Association, Hawaii Teachers Standards Board, and an individual. Your Committee received testimony in opposition to the bill from an individual. Your Committee received comments on the bill from the Department of Education and Office of Information Practices.

Your Committee finds that this bill is part of an ongoing process by which the Hawaii Teacher Standards Board has assumed the licensing authority that used to reside with the Department of Education, removing a conflict of interest and ensuring that every student is taught by a qualified teacher.

Your Committee has amended the bill by:

- (1) Reducing the appropriation amounts to \$1 to facilitate further discussion; and
- (2) Allowing HTSB to withhold information that is subject to the exceptions and limitations on disclosure set forth in Chapter 92F, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1340, H.D. 1, and be referred to the Committee on Judiciary.

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

SCRep. 487 Higher Education on H.B. No. 339

The purpose of this bill is to allow a tax credit on amounts contributed to a College Savings Program.

The University of Hawaii submitted testimony in support of the intent of this bill. The Department of Taxation and Tax Foundation of Hawaii submitted comments on this bill.

Your Committee finds that college savings programs are a valuable tool to help make college more affordable to college students, while encouraging sensible financial planning. This bill would make saving for college even more feasible by providing a tax credit on amounts contributed to a College Savings Program.

Your Committee has amended this bill by:

- (1) Specifying that the tax credit shall not be applicable to contributions rolled over into a College Savings Program account; and
- (2) Clarifying that the tax credit shall be applicable to contributions made on or after January 1, 2006, and before January 1, 2011.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 339, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morita, Kahikina, Schatz and Blundell.

SCRep. 488 Higher Education on H.B. No. 893

The purpose of this bill is to allow the University of Hawaii (UH) to retain up to five percent of any general fund appropriation until June 30th of the first year of the following fiscal biennium.

UH submitted testimony in support of this bill. The Department of Budget and Finance submitted testimony in support of the intent of this bill.

Your Committee finds that this bill will afford UH greater flexibility in managing its moneys. This is particularly important during difficult economic times, when UH must find ways to creatively manage its resources.

Your Committee has amended this bill by specifying that general fund appropriations may be carried over until June 30th of the next fiscal year.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 893, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 893, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Morita, Schatz and Blundell.

SCRep. 489 Economic Development and Business Concerns on H.B. No. 1392

The purpose of this bill is to actively promote the use of renewable energy resources to lessen the State's dependence on imported oil by:

- (1) Requiring the Department of Business, Economic Development, and Tourism (DBEDT), with the cooperation of the Department of Land and Natural Resources (DLNR), to update and conduct a new geothermal resource assessment study;
- (2) Appropriating \$75,000 from the Special Land and Development Fund to pay for the geothermal resource assessment study;

- (3) Making affordable loans available to homeowners for the purchase and installation of solar water heating systems; and
- (4) Enabling businesses that produce electricity from renewable energy for sale primarily to public utilities for resale to the public to take advantage of the benefits of being in an enterprise zone from July 1, 2003, until June 30, 2006.

R&R Services, Inc., Sierra Club, Hawaii Chapter, Powerlight Corporation, and an individual supported the bill. DBEDT, Hawaii Renewable Energy Alliance, and Hawaii Solar Energy Association supported the intent of this bill.

DLNR opposed the bill.

The Department of Taxation, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company submitted comments.

Concerns were raised that this bill limits the sale of energy by renewable energy producers primarily to a utility, and this may restrict the market opportunities of renewable energy producers in enterprise zones. Although it may not be feasible to do so at the present time, your Committee agrees that renewable energy producers should also be allowed to sell electricity directly to consumers.

Your Committee hopes that future discussions of this bill will consider this possibility, as well as ongoing discussions between DBEDT and DLNR.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1392, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Tamayo and Marumoto.

SCRep. 490 Economic Development and Business Concerns on H.B. No. 685

The purpose of this bill is to stimulate economic recovery in the State by directing the Governor to designate the entire island of Oahu as an enterprise zone from July 1, 2003, until June 30, 2005.

By designating the City and County of Honolulu as an enterprise zone, qualified businesses on Oahu would be afforded the state and county tax incentives provided by the Enterprise Zone law.

Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, Enterprise Honolulu, and Hawaii Technology Trade Association supported this bill. The Chamber of Commerce of Hawaii supported the intent of this bill.

The Department of Business, Economic Development, and Tourism opposed this bill. The Department of Taxation offered comments.

Your Committee finds that creating a single enterprise zone for the entire island of Oahu may not be appropriate at this time, as there already are five existing enterprise zones on Oahu. It would be more appropriate to expand existing enterprise zones where business activity, job preservation, and job creation is needed.

Your Committee has amended this bill by:

- (1) Deleting the requirement that the Governor designate the entire island of Oahu as an enterprise zone;
- (2) Inserting provisions directing the Governor to work with the City and County of Honolulu to expand existing enterprise zones to areas where commercial real estate have a vacancy rate of 15 percent or more;
- (3) Correcting a typographical error in its title so that it now reads: "RELATING TO ENTERPRISE ZONES.";
- (4) Providing that the bill is repealed on June 30, 2005; and
- (4) Making other technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 685, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 685, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tamayo.

SCRep. 491 Economic Development and Business Concerns/Health on H.B. No. 550

The purpose of this bill is to fast-track the development of the Pacific Health Community Project (Project) on lands in Wahiawa by exempting the Project from state and county approval processes and extending the authorization to issue special purpose revenue bonds for the Project.

Representatives from the Pacific Health Community Group, Wahiawa General Hospital, Pacific SportsCare, Wahiawa-Central Oahu Health Center, Wahiawa Hospital Association, and Haleiwa Family Health Center supported this measure, but recommended amendments.

The Healthcare Association of Hawaii opposed this measure.

As the agency responsible for issuing certificates of need for the construction or modification of any health care facility in the State, the State Health Planning and Development Agency (SHPDA) plays a pivotal role in the development of the Project. Your Committees note SHPDA's absence from the public hearing and failure to provide any testimony on the matter.

Your Committees have amended this bill to change its effective date to July 1, 2050, to facilitate further discussion on the public policy issues related to the certificate of need process.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 550, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 550, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives B. Oshiro, Tamayo and Ching.
(Representative and Takumi voted no.)

SCRep. 492 Economic Development and Business Concerns/Health on H.B. No. 551

The purpose of this bill is to exempt a master planned health care center and retirement community located in Wahiawa from the certificate of need process.

Representatives from the Pacific Health Community Group, Wahiawa General Hospital, Pacific SportsCare, Wahiawa-Central Oahu Health Center, Wahiawa Hospital Association, and Haleiwa Family Health Center supported this measure, but recommended amendments.

The Healthcare Association of Hawaii, Hawaii Long Term Care Association, and a private citizen opposed this measure.

As the agency responsible for issuing certificates of need for the construction or modification of any health care facility in the State, the State Health Planning and Development Agency (SHPDA) plays a pivotal role in the development of the Project. Your Committees note SHPDA's absence from the public hearing and failure to provide any testimony on the matter.

Your Committees have amended this bill to change its effective date to July 1, 2050, to facilitate further discussion on the public policy issues related to the certificate of need process.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 551, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 551, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives B. Oshiro, Tamayo and Ching.

SCRep. 493 Transportation on H.B. No. 1236

The purpose of this bill is to extend reciprocity to another state or to a Canadian province by waiving the commercial driver's license (CDL) knowledge and skills test for any driver with a valid state or Canadian CDL.

The Department of Transportation and the City and County of Honolulu testified in support of this bill. The Hawaii Transportation Association offered comments.

Your Committee finds that reciprocity has proven successful because all states are required to issue CDLs that meet the minimum federal requirements. States may also accept Canada's CDLs since that nation also tests drivers in accordance with the minimum standards. Moreover, licensing offices in the United States and Canada already share driver status and conviction information on commercial vehicle operators.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1236 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 494 Tourism and Culture on H.B. No. 523

The purpose of this bill is to allow agricultural tourism on a working farm or agricultural processing facility located on land classified as agricultural.

A representative of the Kamehameha Schools supported this bill. The Department of Agriculture, Hawaii Tourism Authority, Office of Planning, State Land Use Commission, and the Mayor of the County of Maui supported the intent of this bill with proposed amendments. The Sierra Club, Hawaii Chapter, opposed this measure. The Hawaii Farm Bureau Federation and a concerned citizen offered comments.

Agricultural tourism is a niche industry that provides enormous opportunities and potential revenue streams for both the visitor industry and farmers. However, your Committee also recognizes the importance of ensuring that agriculture remains the primary activity on agricultural lands, and that other activities, such as agricultural tourism, remain secondary to this primary activity. Your Committee also recognizes the potential for agricultural tourism activities on one farm to negatively impact surrounding farms.

In light of these concerns, your Committee has amended this bill by:

- (1) Allowing agricultural tourism on existing working farms and existing farming operations, as defined under the Hawaii Right to Farm Act, provided that the agricultural tourism does not interfere with surrounding farm operations;
- (2) Deleting a reference to agricultural tourism under section 205-5, Hawaii Revised Statutes, as this reference was deemed redundant; and
- (3) Making other technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 523, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 523, H.D. 1.

Signed by all members of the Committee except Representatives B. Oshiro, Tamayo and Jernigan.

SCRep. 495 Human Services and Housing on H.B. No. 606

The purpose of this bill is to transfer the Office of Community Services from the Department of Labor and Industrial Relations (DLIR) to the Department of Human Services (DHS).

The Hawaii County Economic Opportunity Council, Maui Economic Opportunity, Inc., and Na Loio Immigrant Rights and Public Interest Legal Center submitted testimony in support of this bill. DHS, DLIR, Pacific Gateway Center, Susannah Wesley Community Center, and Catholic Charities Community and Immigrant Services submitted testimony in opposition to this bill.

Your Committee finds that the Office of Community Services would be more appropriately located within DHS than within DLIR. The delivery of services to disadvantaged individuals will be greatly enhanced by the bill, and accountability and responsiveness will be improved significantly by this change.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020, to facilitate further discussion; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 606, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 606, H.D. 1.

Signed by all members of the Committee except Representatives Hale, Takai and Takumi.
(Representatives Finnegan and Stonebraker voted no.)

SCRep. 496 Human Services and Housing on H.B. No. 1342

The purpose of this bill is to appropriate \$1,000,000 for youth service centers.

The Office of Youth Services supported this bill as long as it does not replace or adversely impact its Executive Budget priorities.

Your Committee finds that youth service centers provide safe environments, along with access to opportunities and services, that empower Hawaii's youth to achieve successful transitions to adulthood.

Your Committee has amended this bill by changing the appropriation amount to \$1 to facilitate further discussion. Other technical, nonsubstantive amendments were made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1342, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Takumi.

SCRep. 497 Human Services and Housing/Health on H.B. No. 1361

The purpose of this bill is to allow the income eligibility limit for the Medicaid Prescription Drug Expansion Program (Program) to be lower than 300 percent of the federal poverty level.

The ILWU Local 142 supported this measure. The Department of Human Services provided comments.

Your Committees have amended this bill by:

- (1) Deleting the appropriation amount appropriated in fiscal year 2002-2003;
- (2) Establishing a sunset of July 1, 2006, for the Program; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1361, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1361, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 498 Water, Land Use, and Hawaiian Affairs on H.B. No. 1453

The purpose of this bill is to amend the definition of "lot," "house lot," "residential lot," and "residential house lot" as it pertains to residential leaseholds by:

- (1) Changing the lot size from two acres or less to one acre or less; and
- (2) Specifying that the definition applies only to lots zoned for residential use.

Kamehameha Schools, Small Landowners Association of Hawaii, and Small Landowners of Oahu submitted testimony in support of this bill.

Your Committee finds that this bill is in accord with the intent of chapter 516, Hawaii Revised Statutes, relating to residential leaseholds. Specifically, your Committee believes that mandatory leasehold conversion should not be applicable to agricultural lots, and this bill will clarify the law to ensure it is not applied in that manner.

Your Committee has amended this bill by restoring the original lot size of two acres or less.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1453, H.D. 1, and be referred to the Committee on Human Services and Housing.

Signed by all members of the Committee except Representative Thielen.

SCRep. 499 Water, Land Use, and Hawaiian Affairs on H.B. No. 89

The purpose of this bill is to establish a temporary Hawaiian issues office to monitor federal legislation affecting Hawaiians within the Office of the Lieutenant Governor.

In particular, the bill:

- (1) Establishes a temporary Hawaiian issues office within the Office of the Lieutenant Governor;
- (2) Provides that the Lieutenant Governor shall appoint the director of the office, which may be located in Washington, D.C.;
- (3) Provides that the purpose of office is to:
 - (a) Monitor federal legislation and programs that impact native Hawaiians and Hawaiians;
 - (b) Serve as the State's clearinghouse in Washington, D.C., to provide information on and support for federal legislation to recognize native Hawaiians and their right to self-governance;
 - (c) Coordinate state efforts in support of federal recognition of native Hawaiians;
 - (d) Serve as liaison between the state and federal governments on Hawaiian issues; and
 - (e) Analyze proposed and pending federal legislation on Hawaiian issues.
- (4) Requires the office to submit an annual report to the Lieutenant Governor and the Legislature; and
- (5) Appropriates funds to establish the temporary office of Hawaiian issues.

Your Committee finds that legislation is expected to be introduced in the United States Congress by members of Hawaii's delegation that will be identical to the earlier native Hawaiian recognition bill, often called the Akaka bill, that was before the 107th Congress. The United States Supreme Court's decision in *Rice v. Cayetano* opened the door to litigation resulting in unexpected, costly legal expenses for the State, as well as the Office of Hawaiian Affairs.

Because federal recognition of native Hawaiians is critical to the survival of a number of long-standing programs such as the Office of Hawaiian Affairs, the Department of Hawaiian Home Lands, Kamehameha Schools, and many federal programs that benefit native Hawaiians and Hawaiians, a state presence in Washington, D.C., is crucial. The State has a duty to preserve and protect programs that assist Hawaiians and, in particular, to promote understanding of the importance of federal recognition of native Hawaiians by actively supporting passage of the Akaka bill's successor.

Given the support for resolving Hawaiian issues evidenced by the Governor and her administration, the new presence established by the Office of Hawaiian Affairs in Washington, D.C., and the support and interest of the Hawaiian community, your Committee believes that now is the time for active participation by all parties, working together to ensure federal recognition of native Hawaiians and their right to self-governance. Your Committee believes that this measure's establishment of a temporary Hawaiian issues office within the Office of the Lieutenant Governor to work towards federal recognition of native Hawaiians and to monitor federal legislation impacting Hawaiians will benefit not only native Hawaiians and Hawaiians, but all residents of the State.

In designating the Office of the Lieutenant Governor as the expending agency for the measure's appropriation, your Committee requested that the Lieutenant Governor's appointee to the temporary Hawaiian issues office coordinate the office's efforts in Washington, D.C. with the efforts of the Washington, D.C., Office of Hawaiian Affairs. The affirmative response from the Office of the Lieutenant Governor assured your Committee that the temporary office of Hawaiian issues will seek such collaborative efforts.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 89, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Thielen.

SCRep. 500 Water, Land Use, and Hawaiian Affairs on H.B. No. 1299

The purposes of this bill are twofold. The bill:

- (1) Defines "public land trust" to clarify the lands that comprise the public land trust under chapter 10, Hawaii Revised Statutes; and
- (2) Defines "revenue" to clarify what constitutes revenues derived from the public land trust to enable more accurate determination of the pro rata share of public land trust revenues that shall be transferred to the Office of Hawaiian Affairs for the purpose of the betterment of the conditions of native Hawaiians, as defined in chapter 10, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs. Your Committee also received testimony from the Attorney General in support of the purpose of the bill, but expressing some concerns and proposing the need for various amendments. One individual offered amendments to the bill.

Your Committee finds that passage of H.B. No. 1299 is essential to ensure proper and just compliance of the State's constitutionally mandated trust obligations to native Hawaiians. Moreover, it complies with the recent Hawaii Supreme Court admonition, wherein the Court stated:

Given our disposition of this case, and the context of its complexity, we would do a disservice to all parties involved if we did not acknowledge that the State's obligation to native Hawaiians is firmly established in our constitution. How the State satisfies that constitutional obligation requires policy decisions that are primarily within the authority and expertise of the legislative branch. As such, it is incumbent upon the legislature to enact legislation that gives effect to the right of native Hawaiians to benefit from the ceded lands trust.

... [A]s we continue to struggle with giving effect to that enactment, we trust that the legislature will re-examine the State's constitutional obligation to native Hawaiians and the purpose of HRS section 10-13.5 and enact legislation that most effectively and responsibly meets those obligations.

Office of Hawaiian Affairs vs. State of Hawai'i, 96 Haw. 388, 31 P.3d 901 (2001).

Your Committee understands and appreciates the concerns of the Attorney General, particularly with regard to litigation that may be "spawned" or filed as a result of the enactment of this bill. While enactment may conceptually facilitate the reassertion of various ceded land claims by the Office of Hawaiian Affairs, it is not the intent or purpose of your Committee to encourage this type of litigation.

Rather, passage of H.B. No. 1299 is intended to assist the State in fulfilling its constitutionally mandated trust obligations to native Hawaiians and to responsibly carry out the instruction of the Hawaii Supreme Court. Finally, your Committee finds that passage of H.B. No. 1299 will enhance trust and facilitate cooperation and discussions between the State and the Office of Hawaiian Affairs towards achieving a fair and just resolution to issues involving the public land trust.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1299 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Thielen.

SCRep. 501 Water, Land Use, and Hawaiian Affairs/Energy and Environmental Protection on H.B. No. 193

The purpose of this bill is to limit liability to landowners who allow personnel and volunteers on their property for the control and eradication of invasive species.

The Department of Agriculture, Maui Invasive Species Committee, Maui County Farm Bureau and the Nature Conservancy provided supporting testimony. The Consumer Lawyers of Hawaii opposed this measure. The Department of Land and Natural Resources and Kalahui Hawaii submitted comments.

Your Committee finds that invasive species committees have been formed on Kauai, Oahu, Maui, and Hawaii but their efforts have been hindered by landowners' reluctance to allow access on their property for fear of liability.

Your Committee respectfully requests that the Committee on Judiciary determine whether this is the appropriate placement of these provisions in the statute.

As affirmed by the records of votes of the members of your Committees on Water, Land Use, and Hawaiian Affairs and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 193 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Thielen.

SCRep. 502 Human Services and Housing/Health on H.B. No. 519

The purpose of this bill is to protect dependent elders through the establishment of the Elder Justice Act. More specifically, this bill would increase penalties for abuse, neglect, or economic exploitation of dependent elders.

The Department of the Prosecuting Attorney of the City and County of Honolulu, University of Hawaii Elder Law Program, and an individual testified in support of this bill. The Department of Human Services and Executive Office on Aging testified in support of the intent of this measure.

With the aging of Hawaii's population, elder abuse is becoming more and more prevalent. This most vulnerable segment of our population has been subjected to abuse, neglect, and economic exploitation simply because they are oftentimes dependent on others for their care. The prevention, detection, and reporting of elder abuse are key in addressing this issue. Protecting our most vulnerable citizens remains a high priority for our government and communities.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 519 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

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

SCRep. 503 Human Services and Housing on H.B. No. 1438

The purpose of this bill is to protect consumers from predatory lenders by:

- (1) Establishing the Hawaii Home Loan Protection Act (Act) to discourage predatory lending by prohibiting mortgage brokers, in connection with a home loan, from certain deceptive practices; and
- (2) Establishing penalties for violation.

The Legal Aid Society of Hawaii, Kokua Council, ILWU Local 142, and Hawaii Coalition for Responsible Lending testified in support of this measure. The Hawaii Bankers Association, Mortgage Bankers Association of Hawaii, and Hawaii Association of Realtors opposed this measure. The Department of Commerce and Consumer Affairs provided comments.

Your Committee finds that many individuals, particularly on the Big Island, have been taken advantage of by predatory mortgage lenders. While there are some federal regulations in place, predatory lenders manage to skirt the regulations, and still be within the bounds of the law. Something must be done on the state level to supplement federal laws to protect our citizens.

Your Committee has amended this bill by:

- (1) Incorporating many of the prohibited practices of this bill into chapter 454, Hawaii Revised Statutes, instead of creating a new chapter;
- (2) Clarifying that prohibited practices would apply when a mortgage broker and solicitor is brokering a high cost home loan; and
- (3) Specifying that a mortgage broker or solicitor may not solicit any mortgage loan, including a high cost home loan, door-to-door, and may not engage in acts of dishonesty on any mortgage loan.

Numerous technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1438, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1438, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary.

Signed by all members of the Committee except Representatives Hale, Takai and Takumi.
(Representative and Stonebraker voted no.)

SCRep. 504 Public Safety and Military Affairs on H.B. No. 857

The purpose of this bill is to ensure public participation in the development of prisons.

This bill requires that:

- (1) During the site selection process, the Governor must notify the public of each proposed site and accept public comments for at least 60 days following notification;
- (2) The Governor must notify the public of any:
 - (a) Actions to expand the inmate capacity of an existing prison; or
 - (b) Capital improvement project at an existing prison with a cost greater than \$500,000;and accept public comments for at least 60 days following notification; and
- (3) These public comment periods shall run concurrent with any review and public comment period for an environmental assessment or environmental impact statement.

The Community Alliance on Prisons and Government Efficiency Teams, Inc., testified in support of this bill. The Department of Accounting and General Services supported the intent of this measure, and the Lieutenant Governor's Office offered comments. The Department of Public Safety opposed this measure.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 857 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 505 Public Safety and Military Affairs on H.B. No. 1261

The purpose of this bill is to authorize the counties to impose an actionable duty upon private property owners to prevent potential danger to persons or property due to falling rocks or other dangerous conditions.

Your Committee finds the need to clarify the duty of the owners of privately held land to protect the health, safety, and welfare of the people of this State from unreasonable dangers caused by falling rocks.

Two individuals, including a member of the Honolulu City Council, testified in favor of this bill. Two individuals, including a spokesperson for the Department of the Corporation Counsel, City and County of Honolulu, testified in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1261, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 506 Public Safety and Military Affairs on H.B. No. 142

The purpose of this bill is to provide special recognition for military veterans with disabilities by:

- (1) Establishing a new special number plate for disabled veterans that would include the words "disabled veteran";
- (2) Exempting veterans with disabilities from paying a fee for their special number plates; and
- (3) Expanding the evidence to be submitted with an application for plates to include certification that the veteran is at least 50 percent disabled.

The State Department of Defense supported the intent of this bill, and the City and County of Honolulu offered comments.

Your Committee has amended this bill by:

- (1) Deleting all references to disabled veterans; and
- (2) Establishing a new special number plate for Congressional Medal of Honor recipients that would include the words "Medal of Honor".

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 142, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 507 Energy and Environmental Protection on H.B. No. 467

The purpose of this bill is to reduce litter in our State by:

- (1) Creating a litter prevention and control program (Program);
- (2) Creating a litter prevention and control advisory board to implement this Program; and
- (3) Appropriating an unspecified amount of funds for the Program to be matched by private sector businesses.

The Retail Merchants of Hawaii, Coca-Cola Bottling Company of Hawaii, the Pepsi Cola Bottling Group Hawaii, and the Legislative Center testified in support of this bill. The Department of Health and Hawaii Food Industry Association supported the intent of this bill.

Your Committee is also aware of the Governor's proposed appropriation of funds for environmental management. Your Committee, however, is concerned about how these funds will be expended and would like to ensure that these funds are expended through a grant-in-aid process to ensure accountability to the public.

Your Committee has amended this bill by:

- (1) Clarifying that the \$300,000 appropriation for each year of fiscal biennium 2003-2005 to fund and promote the Program is conditioned upon the requirement that the Solid Waste Division distribute these funds through a grant-in-aid process;
- (2) Appropriating \$2,000,000 for each year of fiscal biennium 2003-2005 to enable the counties to implement solid-waste management plans;
- (3) Removing the provision regarding a public-private partnership;
- (4) Setting forth certain requirements that must be met by the counties to receive the appropriation; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 467, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 467, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Thielen.

SCRep. 508 Energy and Environmental Protection on H.B. No. 1139

The purpose of this bill is to support the development of alternative energy sources by extending the energy conservation income tax credit (tax credit) for four more years.

The Department of Taxation (DOTAX), Department of Business, Economic Development, and Tourism, Inter-Island Solar Supply, Plumbing & Mechanical Contractors Association of Hawaii, Hawaii Solar Energy Association, Department of Research and Development for the County of Hawaii, and PowerLight Corporation supported this bill.

Hawaii Renewable Energy Alliance, Hawaiian Electric Company, Hawaii Electric Light Company, Maui Electric Company, and the Sierra Club, Hawaii Chapter, supported the intent of this bill. The Gas Company, Tax Foundation of Hawaii, and R&R Services commented on this bill.

The tax credit is to sunset on June 30, 2003. This bill extends the tax credit until July 1, 2007. The tax credit has been successful in encouraging owners of residential and commercial buildings to install and use renewable energy systems. Currently, this tax credit applies to solar or wind energy devices, heat pumps, and ice storage systems.

Your Committee finds that there are other emerging energy efficient technologies, such as combined heat and power (CHP) systems, that will reduce Hawaii's consumption of fossil fuels. CHP systems are extremely efficient because they simultaneously produce electricity and thermal energy that is used to make steam and hot water, with a single energy conversion device. CHP systems include fuel cells, solar thermal collectors, micro turbines, small combustion turbines, and internal combustion engines.

Your Committee has seriously considered the recent findings of the Tax Review Commission and believe the recommendations of the Energy Efficiency Task Force comport to the basic logic of the Commission by limiting tax credits to the promotion of renewable energy technologies. This position is reflected in the passage of H.B. No. 288, H.D. 1, Part V, which this Committee believes to be the more fiscally prudent and responsible approach in applying tax credit incentives to promote renewable technologies to provide greater public benefits.

However, your Committee has found overwhelming support for this measure from within the Administration, in particular with DOTAX. This bill provides incentives, not only for renewable technologies, but also for energy efficiency, energy conservation and utility load management.

Your Committee has found that energy efficiency, energy conservation, and utility load management can usually be promoted through pricing signals and operational cost savings. If the proponents of this measure continue to advocate that tax credits should be applied to these types of technologies and that the loss of revenue to the state's treasury is insignificant, then this Committee urges strong consideration of this measure rather than the language provided for in Part V of H.B. No. 288, H.D. 1.

Your Committee has amended this bill by:

- (1) Extending the tax credit to eligible CHP systems to ensure that this tax credit is more representative of the renewable energy resources available; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1139, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1139, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Thielen.

SCRep. 509 Health on H.B. No. 1186

The purpose of this bill is to clarify that emergency psychiatric hospitalization shall be initiated only for mentally ill individuals and mentally ill individuals suffering from substance abuse, and not individuals who suffer from substance abuse but are not mentally ill.

The Department of Health and Hawaii Psychological Association submitted testimony in support of this bill. The Judiciary submitted comments on this bill.

Your Committee finds that currently, the law allows emergency psychiatric care to be initiated for individuals who are under the influence of controlled substances, but who are not mentally ill. These individuals do not need to be hospitalized in a licensed psychiatric facility. This bill will clarify that emergency psychiatric hospitalization is only appropriate for mentally ill individuals and not for those who are simply drug abusers.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1186 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

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

SCRep. 510 Health on H.B. No. 377

The purpose of this measure is to extend the deadline, from June 30, 2003, to June 30, 2008, to issue special purpose revenue bonds for Pacific Cardiac Institute, Inc.

Pyrus, Incorporated, Wahiawa Hospital Association and, Pacific SportsCare testified in support of this measure. The Department of Budget and Finance submitted comments on this measure.

Your Committee recognizes that Pacific Cardiac Institute, Inc., a not-for-profit Hawaii corporation, is engaged in the development of a health care facility in the Koa Ridge area of Central Oahu and thereby serves the public.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 377 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 511 Health on H.B. No. 379

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for the development of the Pacific Saging Center, Inc. (Center).

The Wahiawa Hospital Association, Pacific SportsCare, and a representative of Pyrus, Incorporated, testified in support of this bill. The Department of Budget and Finance submitted comments.

The Center is a not-for-profit Hawaii corporation engaged in the planning, design, and construction of a patient-focused facility on a portion of a 210-acre parcel of land at Koa Ridge. The facility would include such items and activities as:

- (1) A saging center;
- (2) Child care;
- (3) Adult care;
- (4) Mentoring programs; and
- (5) Activity centers.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 379 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 512 Health on H.B. No. 380

The purpose of this bill is to extend, from June 30, 2003, to June 30, 2008, the date on which the authorization to issue special purpose revenue bonds for the benefit of Pacific Sports Medicine and Research Center, Inc., shall lapse.

Several individuals submitted testimony in support of this bill. The Department of Budget and Finance submitted comments on this bill.

Your Committee recognizes that Pacific Sports Medicine and Research Center, Inc., is a not-for-profit corporation that serves the public through the development of a health care facility in the Koa Ridge area of Central Oahu.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 380 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 513 Health on H.B. No. 381

The purpose of this bill is to extend the date, from June 30, 2003, to June 30, 2008, on which the authorization to issue special purpose revenue bonds for the benefit of Pacific Wellness Center, Inc., shall lapse.

Several individuals submitted testimony in support of this bill. The Department of Budget and Finance submitted comments on this bill.

Your Committee recognizes that Pacific Wellness Center, Inc., is a not-for-profit corporation that serves the public through the development of a health care facility in the Koa Ridge area of Central Oahu.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 381 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 514 Health on H.B. No. 382

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for the development of the Pacific Women's Center, Inc. (Center).

The Wahiawa Hospital Association and a representative of Pyrus, Incorporated, testified in support of this bill. The Department of Budget and Finance submitted comments.

The Center is engaged in the planning, design, and construction of a patient-focused facility on a portion of a 210-acre parcel of land at Koa Ridge. Moreover, the Center would consist primarily of a birthing facility with postpartum, nursery, labor, and delivery services.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 382 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 515 Health on H.B. No. 383

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for the development of the Wahiawa-Central Oahu Health Center, Inc.

The Wahiawa Hospital Association, a representative of Pacific SportsCare, and a representative of Pyrus, Incorporated, testified in support of this bill. The Department of Budget and Finance submitted comments.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 383 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 516 Health on H.B. No. 384

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for Wahiawa General Hospital, Inc.

The Wahiawa Hospital Association and a representative of Pyrus, Incorporated, supported this bill. The Department of Budget and Finance submitted comments on the measure.

Your Committee recognizes that Wahiawa General Hospital, Inc., a not-for-profit Hawaii Corporation, is engaged in the development of a health care facility in Central Oahu and thereby serves the public.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 384 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 517 Health on H.B. No. 1419

The purpose of this bill is to:

- (1) Provide an income tax credit on qualified medical research activities of up to 20 percent of the costs related to the qualified medical research;
- (2) Require that refunds owed to taxpayers who claim an income tax credit on qualified general research activities shall be applied as a credit against the taxpayers' income tax liability in subsequent years;
- (3) Limit to \$500,000 the amount a shareholder in a qualified high technology business may sell of the business' total net operating loss; and
- (4) Require the Department of Taxation to submit an annual report on the medical research tax credit.

Science and Technology International submitted testimony in support of this bill.

Your Committee finds that promoting research, and medical research in particular, will help to improve and diversify Hawaii's economy. Encouraging businesses devoted to medical research to operate in Hawaii will also increase the number of high-quality jobs in the State, and improve the State's standing as an incubator of innovation in the medical industry.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1419 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ching.

SCRep. 518 Health on H.B. No. 436

The purpose of this bill is to appropriate funds for an additional ambulance unit to service the Waianae Coast.

The Emergency Services Department of the City and County of Honolulu, Waianae Coast Comprehensive Health Center, American Heart Association of Hawaii, and a concerned citizen testified in support of this measure. The Department of Health (DOH) testified in support of the intent of the measure.

A growing population along the Waianae Coast has caused the number of emergency responses to the area to increase by approximately 20 percent over the last five years. Since there is no medical facility in the Waianae area, ambulances must travel to St. Francis Medical Center-West in Ewa to drop off patients in need of medical attention, as this is the nearest hospital. This adversely affects the ambulance response times to the Waianae area and depletes already limited resources as ambulance units from other areas of the island must cover the Waianae area when the Waianae Unit responds to a call.

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

Signed by all members of the Committee except Representative Finnegan.

SCRep. 519 Health on H.B. No. 566

The purpose of this bill is to require that hospitals that operate a helicopter landing pad shall not be held liable for civil damages resulting from any act or omission, except in the case of gross negligence or wanton acts or omissions.

The Waianae Coast Comprehensive Health Center submitted testimony in support of this bill. Consumer Lawyers of Hawaii submitted testimony in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 566 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Ching.

SCRep. 520 Health on H.B. No. 651

The purpose of this bill is to update the informed consent law to be consistent with current medical standards and language.

The Board of Medical Examiners, Hawaii Medical Association, Hawaii Medical Service Association, Healthcare Association of Hawaii, Hawaii Psychiatric Medical Association, HAPI's Physicians' Indemnity Plan, Hawaii Association of Health Plans, and an individual submitted testimony in support of this bill. The Hawaii Coalition for Health and Consumer Lawyers of Hawaii submitted testimony in opposition to this bill.

Your Committee finds that Hawaii's informed consent bill was originally developed from the rules of the Board of Medical Examiners. Since that time, medical practice and language have changed, making it necessary to update the informed consent law to be consistent with current standards.

Your Committee has amended this bill by deleting provisions allowing:

- (1) A health care provider to withhold information from a patient, or the patient's guardian or legal surrogate, if the provider determines the information would be detrimental to the patient; and
- (2) A patient, the patient's guardian, or legal surrogate to elect not to be given part or all of the information required to be disclosed under the informed consent law.

Technical, nonsubstantive amendments were also made to conform to drafting style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 651, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 651, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Hale, Kahikina, Takumi and Ching.

SCRep. 521 Consumer Protection and Commerce/Judiciary on H.B. No. 1495

The purpose of this measure is to establish a new chapter which:

- (1) Provides crematory authority license requirements;
- (2) Establishes who shall have the right to serve as an authorizing agent for the decedent;
- (3) Prohibits a crematory authority from cremating human remains until it has received an authorization form signed by an authorizing agent;
- (4) Defines recordkeeping requirements for a crematory authority;
- (5) Establishes requirements for cremation containers, caskets, temporary containers and urns, and procedures for cremation and the disposition of cremated remains;
- (6) Provides immunity from civil liability for a funeral director or crematory authority that performs cremations in accordance with the chapter;
- (7) Creates civil liability for damages resulting from cremations where a pacemaker or hazardous implant has not been removed from human remains;
- (8) Provides criminal penalties for violation of the chapter; and
- (9) Outlines procedures to authorize, on a pre-need basis, one's own cremation and the final disposition of one's own cremated remains.

Dodo Mortuary and the Hawaii Funeral Directors Association submitted testimony in support of this bill. Moanalua Mortuary and Affordable Caskets, and Nuuanu Memorial Park offered testimony in support of intent of this bill. Memorial Society of Hawaii and Ultimate Cremation Services of Hawaii submitted testimony in opposition to this bill.

Your Committees find that establishing crematory licensing, record keeping, and procedural requirements will protect consumers and surviving family members and preserve the public's trust with respect to the provision of death care by crematory authorities.

Your Committees has amended this measure by changing its effective date to July 1, 2050, to facilitate further discussion on this matter.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1495, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1495, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro, Sonson, Finnegan and Stonebraker.

SCRep. 522 Consumer Protection and Commerce/Judiciary on H.B. No. 386

The purpose of this bill is to extend the exemption from mandatory workers' compensation insurance to employers owning fifty percent or more of a Limited Liability Company (LLC), or Limited Liability Partnership (LLP), thus providing parity with employers who have at least fifty percent ownership in a corporation. Specifically, this bill excludes from the workers' compensation definition of "employee":

- (1) Service performed by a member of a LLC if the member is an individual and has a distributional interest of at least fifty percent in the company; and
- (2) Service performed by a partner of a LLP if the partner is an individual and has transferable interest in the partnership of at least fifty percent.

Testimony in support of this bill was received from the Department of Labor and Industrial Relations, Department of Business, Economic Development, and Tourism, Chamber of Commerce of Hawaii, Hawaii Employers' Mutual Insurance Company, and Hawaii Business League. Hawaii Independent Insurance Agents Association supported the intent of the bill. Testimony in opposition to this bill was submitted by ILWU Local 142.

Your Committees find that workers' compensation provides medical insurance and wage loss coverage for work-related injuries of employees while protecting employers from civil liability resulting from those injuries.

Persons who own at least a fifty percent interest in the corporation that employs them, are presently exempt from mandatory workers' compensation. However, the law requires LLCs and LLPs to maintain workers' compensation insurance for the benefit of their employees even though their only employees are the owners of, or partners in the company. Since a LLC owner or LLP partner would have nothing to gain from having workers' compensation insurance and would save money by not purchasing such insurance, it seems that they should also be exempt.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 386, H.D. 1, and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Caldwell, Chang, Ito, Kanoho, M. Oshiro, Souki and Thielen.

SCRep. 523 Consumer Protection and Commerce/Judiciary on H.B. No. 1032

The purpose of this measure is to require the Public Utilities Commission (PUC) to develop and adopt a standard power purchase contract for the purchase of electricity by public utilities from nonfossil fuel producers.

Your Committees received testimony in support of this bill from the Sierra Club, Life of the Land, Hawaii Renewable Energy Alliance, Apollo Energy Corporation, and an interested citizen. The Department of Business, Economic Development, and Tourism and Hawaiian Electric Company (HECO) submitted testimony supporting the intent of this bill. PUC opposed the bill. The Department of Consumer Advocacy and Covanta Energy Group offered comments.

Your Committees find that one of the State's important energy objectives is to increase the use of cost-effective renewable energy. Requiring the adoption of a standard power purchase contract, as this bill proposes to do, will remove a major obstacle that nonfossil fuel producers currently face in their attempts to sell electricity to the public utilities. Your Committees were notified that in some instances, it has taken up to five years for nonfossil fuel producers to negotiate a power purchase contract with public utilities in Hawaii.

Your Committees note that HECO has already filed two standard power purchase contracts with PUC, which is an encouraging sign as the State attempts to move toward energy self-sufficiency. Although your Committees recognize the concerns set forth by the opponents of this bill, your Committees feel this matter deserves further attention as the Legislature considers various ways to expand the use of renewable energy.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1032, H.D. 1, and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Caldwell, Chang, Ito, Kanoho, M. Oshiro, Souki and Thielen.

SCRep. 524 Tourism and Culture on H.B. No. 1569

The purpose of this bill is to establish a motor sports recreation and public safety training and educational facility investment tax credit for investments made by a taxpayer in the motor sports recreation and public safety training and educational facility on parcel 9 at Kalaeloa (Facility).

Hawaii Motorsports Center and two concerned citizens supported this bill. The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee notes that the incentives provided by this measure in developing the Facility will help stimulate commercial activity in west Oahu. In addition, this bill may increase safety on public highways, as the Facility provides a safer, more controlled environment for racing enthusiasts.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1569 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives B. Oshiro, Schatz, Tamayo, Jernigan, Marumoto and Ontai.

SCRep. 525 Tourism and Culture on H.B. No. 1650

The purpose of this bill is to require the State Foundation on Culture and the Arts (SFCA) to commission a work of art honoring the late Congresswoman Patsy T. Mink, to be funded by the Works of Art Special Fund (Special Fund).

The Hawaii State Commission on the Status of Women, Hawaii Civil Rights Commission, Democratic Party of Hawaii, a councilmember of the Maui County Council, Business and Professional Women/Hawaii, Community Alliance on Prisons, The Sex Abuse Treatment Center, and six concerned citizens supported this bill. The SFCA supported the intent of this bill.

Your Committee supports efforts to honor the accomplishments of the late Congresswoman Patsy T. Mink.

Your Committee has amended this measure by:

- (1) Changing the project from a "work of art" to a "painted portrait";
- (2) Specifying that the painted portrait is to be placed at the University of Hawaii at Manoa Women's Center;
- (3) Establishing the amount to be appropriated out of the Special Fund;
- (4) Changing the effective date to July 1, 2003; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1650, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1650, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives B. Oshiro, Schatz, Tamayo, Jernigan, Marumoto and Ontai.

SCRep. 526 Health/Human Services and Housing on H.B. No. 251

The purpose of this bill is to establish the State Food Security Council (Council) to address the food, nutrition, and agricultural concerns of the State.

The Department of Education, Full Plate, Inc., and Blueprint for Change testified in support of this measure. The Department of Agriculture, Department of Business, Economic Development, and Tourism, and the College of Tropical Agriculture

and Human Resources at the University of Hawaii supported the intent of this measure. The Department of Budget and Finance opposed this measure. The Department of Human Services provided comments.

Your Committees have amended this bill by:

- (1) Replacing the member representing school food services on the Council with a member of the Office of Hawaii Child Nutrition Programs;
- (2) Clarifying the definition of "community food security"; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 251, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 251, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 527 Health/Human Services and Housing on H.B. No. 906

The purpose of this bill is to establish Type IA adult residential care homes in which no more than two residents require nursing facility levels of care. The Department of Health (DOH) has the discretion to allow more than two nursing facility level of care patients.

The Alliance of Residential Care Administrators, Hawaii Coalition for Care Home Operators, and several concerned individuals testified in support of this measure. The United Group of Home Operators and Hawaii Disability Rights Center supported the intent of this measure. The Hawaii Long Term Care Association, Kokua Council, AARP, Filipino Nurses' Organization of Hawaii, and a concerned individual opposed this measure.

Your Committees have amended this bill by:

- (1) Requiring DOH to conduct mandatory unannounced annual inspections on Type IA adult residential care homes; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 906, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 906, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 528 Health on H.B. No. 378

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for Pacific Community Health and Wellness, Inc., which is engaged in the planning, design, and construction of a health care facility on a portion of a 210-acre parcel of land at Koa Ridge.

The Wahiawa Hospital Association, Pacific SportsCare, and a representative of Pyrus, Incorporated, testified in support of this bill. The Department of Budget and Finance submitted comments.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 378 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Takai and Ching.

SCRep. 529 Health on H.B. No. 434

The purpose of this bill is assist North Hawaii Community Hospital, Inc., (Hospital) by reauthorizing the issuance of special purpose revenue bonds in a total amount not to exceed \$20,000,000 for one or more of the following projects:

- (1) Retirement of outstanding debt on the Hospital's existing health care facilities;
- (2) Retirement of outstanding debt and purchase of leases on the existing equipment used in connection with the Hospital's health care facilities;
- (3) Construction of new additions to North Hawaii Community 2 Hospital, Inc.'s existing health care facilities;
- (4) Acquisition and installation of additional equipment and other assets for use in connection with the Hospital's health care facilities; and
- (5) Renovation and repair of the Hospital's existing health care facilities.

Your Committee finds that this bill will support the continued development of Hawaii County as a healing destination, create more employment opportunities, and make Hawaii a safer and healthier place for all its residents. The Hospital currently employs over 300 people and contributes significantly to the community. For the first time since commencing operations almost seven years ago, the Hospital exceeded its financial break-even point. Further, your Committee finds that the refinancing will shift as much as \$250,000 per year that the Hospital would have paid to the lender, into the community.

Two councilmembers of Hawaii County, the Hospital, and a concerned citizen submitted testimony in support of this bill. The Department of Budget and Finance (B&F) commented on this measure.

Your Committee has amended this measure by giving B&F the discretion to issue refunding special purpose revenue bonds at times subsequent to June 30, 2005.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 434, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 530 Health on H.B. No. 1433

The purpose of this bill is to establish a two-year Operation Nightingale program (Nightingale program) to design and operate review and training courses to enable nursing school graduates to pass the written examination required by the Board of Nursing.

The Hawaii Nurses' Association and Filipino Nurses' Organization of Hawaii supported this measure with amendments. The Department of Health (DOH) submitted comments.

Your Committee has amended this bill by:

- (1) Deleting obsolete language pertaining to time requirements of the nursing license examination;
- (2) Requiring that the Nightingale program be administered by an accredited nursing school and taught by qualified instructors;
- (3) Including a clinical component in the Nightingale program;
- (4) Requiring DOH to monitor the Nightingale program and to develop criteria for the selection of applicants, with the assistance of professional nursing organizations; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1433, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1433, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 531 Health on H.B. No. 730

The purpose of this bill is to:

- (1) Require the Auditor to evaluate the occupational therapy practice program and submit a report to the Legislature prior to the convening of the Regular Session of 2007;
- (2) Remove occupational therapy assistants from having to meet certification requirements of the National Board for Certification in Occupational Therapy, including educational and supervised field work experience and national certification exam requirements;
- (3) Repeal the definition of "direct supervision" under the Occupational Therapy Practice Law; and
- (4) Repeal provisions that allow an individual, who has met the educational and supervised field work experience requirements under the Occupational Therapy Practice Law, but has not yet passed the national certification exam, to receive a temporary permit to perform occupational therapy.

The American Occupational Therapy Association, Inc., Occupational Therapy Association of Hawaii, Hawaii Chapter American Physical Therapy Association, Hawaii Speech-Language-Hearing Association, and numerous concerned citizens supported this bill. Numerous concerned citizens supported the intent of this bill. The Professional Vocational Licensing Division of the Department of Commerce and Consumer Affairs, Department of Education, and numerous concerned citizens offered comments.

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

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

SCRep. 532 Judiciary on H.B. No. 808

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of, and capital improvements for, the Judiciary branch for fiscal biennium 2003-2005.

The Judiciary and the Estate of James Campbell testified in support of this bill.

Your Committee finds that the Judiciary's request is a conservative one that addresses their most pressing needs. Additional resources are being requested to cover necessary operational and technological enhancements, essential court support services, and a limited number of critical positions. These requests conform to the Judiciary's mission to streamline operations, yet provide adequate resources and responses to public demands for courtroom staff and support services.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 808 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 533 Judiciary on H.B. No. 812

The purpose of this bill as received by your Committee is to:

- (1) Increase from \$35 to \$50, the Parent Education Special Fund surcharge levied against petitioners in matrimonial actions;
- (2) Expand the surcharge to parentage actions; and
- (3) Repeal the suggested \$15 donation from respondents in matrimonial actions.

The Family Law Section of the Hawaii State Bar Association and a concerned individual testified in support of this measure. The Judiciary testified in support and offered amendments.

Upon further consideration, this bill was amended to:

- (1) Permit the court to assess a surcharge, that had initially been waived, against either or both parties if the court later determines that a party has the ability to pay;
- (2) Clarify that the surcharge funds shall only be used for parent education programs;
- (3) Clarify that this section does not apply to actions where neither party has a minor child; and
- (4) Make technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 812, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 812, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 534 Judiciary on H.B. No. 1003

The purpose of the bill is to:

- (1) Exempt government records of the Crime Victim Compensation Commission (Commission) from the Uniform Information Practices Act;
- (2) Allow funds from nonpayable restitution to be used for crime victim compensation, rather than escheating to the State;
- (3) Allow the Commission to transfer compensation awards to minors under the Uniform Transfers to Minors Act;
- (4) Authorize the Commission to expand coverage for mental health services;
- (5) Rename the "pain and suffering" award to "acknowledgment award" to more clearly reflect the purpose of the award; and
- (6) Require the Judiciary to transmit an annual report to the Governor and the Director of the Department of Public Safety regarding the progress in meeting the requirements of Act 206, Session Laws 1998.

Your Committee received testimony in support of the measure from the Commission and the Department of the Prosecuting Attorney for the City and County of Honolulu. The Office of Information Practices expressed concerns. The Judiciary provided comments.

Your Committee finds that this measure will help the Commission better serve the intended recipients of benefits.

Your Committee has amended this bill by:

- (1) Deleting references to nondisclosure of Commission records under the Uniform Information Practices Act;
- (2) Adding a new subsection to section 523A-3.5, Hawaii Revised Statutes, to prevent escheating;
- (3) Deleting the amendments made to the section requiring that the Commission report to the Governor and the Director of the Department of Public Safety;
- (4) Adding a severability clause; and
- (5) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1003, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1003, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 535 Judiciary on H.B. No. 1112

The purpose of this bill is to:

- (1) Provide that the hearings relating to the release of sex offender information are civil proceedings and that the State is represented by the prosecuting attorney for the county in which the hearing is held;
- (2) Repeal the process for reevaluating court orders granting public access to information regarding a sex offender;
- (3) Add a new definition for "registration information" in relation to sex offender registration; and

- (4) Require sex offenders to give notification when any of the registration information changes.

The Department of the Attorney General and the Office of the Prosecuting Attorney for the City and County of Honolulu testified in support of this measure. The Office of the Public Defender provided comments.

Your Committee finds that:

- (1) The proceedings to determine release of relevant information on sex offenders encroach on protections afforded criminal defendants; therefore, the proceedings should be maintained as criminal proceedings;
- (2) The fact that the sex offender caused death or serious bodily injury to another should be cause for allowing release of relevant information for life; and
- (3) The ten-year review process of the release of relevant information on sex offenders should be maintained to afford meaningful review of defendants' circumstances. However, the ten-year period should exclude any time defendants are incarcerated.

Your Committee has amended this bill by:

- (1) Maintaining the proceedings to determine release of relevant information on sex offenders as criminal proceedings;
- (2) Adding death or serious bodily injury as a factor in determining lifetime public release of relevant information;
- (3) Maintaining the ten-year review process; however, requiring that the ten-year period shall consist of time outside of correctional confinement; and
- (4) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1112, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1112, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 536 Judiciary on H.B. No. 525

The purpose of this bill is to improve absentee voting procedures by:

- (1) Requiring absentee ballots to be returned no later than one day prior to the day of the election; and
- (2) Requiring the use of a signature envelope, separate from the return envelope, to enhance privacy and security of absentee ballots.

The Office of Elections, Office of the City Clerk of the City and County of Honolulu, and League of Women Voters of Hawaii submitted comments on this bill.

Your Committee finds that further consideration is appropriate to refine the absentee voting process in a manner that will encourage voter participation and assure efficient counting of votes.

Your Committee has made technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 525, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 525, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho, M. Oshiro and Thielen.
(Representative Sonson voted no.)

SCRep. 537 Judiciary on H.B. No. 287

The purpose of this bill as received is to require the termination from public employment of an employee who is convicted of a felony that took place within the course and scope of the public employee's duties.

The League of Women Voters of Hawaii and Hawaii State Ethics Commission testified in support of the measure. The Departments of the Attorney General and Human Resources Development testified in support of the intent of the measure and offered amendments. The University of Hawaii Professional Assembly opposed the bill.

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

- (1) Clarify that the public employee shall be terminated for conviction for a felony that was committed in violation of the employee's duties.
- (2) Clarify that even if the public employee's conviction is overturned, the employee may be terminated in accordance with other provisions of law;
- (3) Delete references to elected and public officials because such persons are covered in existing law;
- (4) Specify that public employees covered by a collective bargaining agreement may not file a grievance contesting their termination; and
- (5) Change the effective date for public employees covered by a collective bargaining agreement to the termination of the agreement or July 1, 2004, whichever occurs first.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 287, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 287, H.D. 2.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho, M. Oshiro and Thielen

SCRep. 538 Judiciary on H.B. No. 1272

The purpose of the bill is to appropriate funds for:

- (1) The adoption of special needs children;
- (2) A grant-in-aid to a nonprofit legal services provider to increase supplemental security income benefits especially for special needs children; and
- (3) A grant-in-aid to a nonprofit legal services provider for a federal medicare advocacy project.

Your Committee received testimony in support of this measure from the Legal Aid Society of Hawaii. The Department of Human Services supported the intent of the bill and provided comments. Hawaii Disability Rights Center opposed the measure.

Your Committee finds that a grant-in-aid is not properly included in the bill as the grant-in-aid deadline has past.

Your Committee has amended this bill by:

- (1) Deleting the two parts that proposed to provide grants-in-aid; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1272, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1272, H.D. 2.

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

SCRep. 539 Judiciary on H.B. No. 737

The purpose of this bill is to:

- (1) Require anyone who uses mechanized equipment to move soil, grade, or grub to take steps to prevent sediment from entering state waters;
- (2) Increase fines for each violation of water pollution law; and
- (3) Allow citizen suits to enforce water pollution laws.

Your Committee received testimony in support of this measure from the Hawaii Audubon Society, the Hanalei Heritage River Program, and the Sierra Club, Hawaii Chapter. The Hawaii Agriculture Research Center, the Hawaii Farm Bureau, the Hawaii Leeward Planning Conference, the City and County of Honolulu Department of Environmental Services, the City and County of Honolulu Board of Water Supply, and the Land Use Research Foundation of Hawaii submitted testimony in opposition to this measure. The Department of Health commented on this bill.

Your Committee finds that this measure will promote protection of Hawaii's environmental quality.

Your Committee has amended this measure by limiting fines imposed on violations that occur as a result of agricultural activity on small income-producing farms. In creating this narrow exception, your Committee seeks to protect the interests of the legitimate, small-scale produce farmer. Your Committee does not intend this exception to benefit a house or golf course in a residential development masquerading as an "agricultural" subdivision, for example.

Your Committee has also made technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 737, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 737, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Herkes, Ito, M. Oshiro and Souki.

SCRep. 540 Labor and Public Employment on H.B. No. 507

The purpose of this bill is to enable a licensed Emergency Medical Technician (EMT) to receive a state retirement pension after 25 years of service.

The Emergency Services Department of the City and County (C&C) of Honolulu, Honolulu Paramedic Association, and numerous concerned paramedics testified in support of this measure. The Department of Budget and Finance testified in opposition to this measure. The Employees' Retirement System (ERS) commented on this measure.

EMTs currently do not have parity in retirement benefits with other public safety personnel. Firefighters, police officers, and water safety officers are all able to retire after 25 years of service.

Your Committee recognizes that EMTs are often placed in physically and emotionally demanding situations similar to that of other public safety personnel. However, your Committee has some serious concerns about this bill.

First, emergency medical services (EMS) are a state function provided through contracts with either county providers or private providers. The State, through the Department of Health's (DOH) Emergency Medical Services and Injury Prevention Branch, is charged with the duty of monitoring EMS contracts and maintaining oversight of the EMS system. It is at the State's discretion as to who provides this service. Unlike the Honolulu Police Department, the Honolulu Fire Department, and the Ocean Safety Division of

the C&C of Honolulu, the C&C of Honolulu's EMS Division receives its budget through a contract with the State. In essence, the State, pays for the provision of EMS services and thus, would incur any additional costs, realized through increased contract costs, that EMS providers may accrue with the provision of these retirement benefits.

According to the DOH, approximately \$2,000,000 in overtime costs are paid annually through its contract with the C&C of Honolulu's EMS Department. Presently the C&C employs 193 paramedics and experiences overtime rates of approximately 16 hours per week per employee.

The C&C also has a number of paramedics who have either reached, or are close to reaching, the 25-year retirement threshold under this measure as noted in the testimony of several paramedics.

The C&C of Honolulu also stated that Kapiolani Community College (KCC) trains, on average, five mobile intensive care technicians per year and that this has severely impacted upon the city's ability to hire additional paramedics to reduce its shortfall of trained personnel. Furthermore, your Committee was informed that it takes KCC approximately one and a half years to train an advanced level care paramedic, which is why the C&C EMS Division is currently experiencing a shortage in this category.

Although your Committee was assured by the C&C of Honolulu's EMS Department that attrition would not be a factor if this bill passed, it is apparent that if even a small number of paramedics retire as a result of this measure, costs to provide services will increase through increased overtime costs, since it would be years before additional persons will be able to meet the requirements for employment with the C&C EMS Department through training by KCC. This will further impact the general fund budget.

Moreover, the ERS could be impacted by this measure through possible effects on the ERS' unfunded liability. No study has been done yet to determine the cost impact this would have on the ERS.

Your Committee also has concerns on whether this measure will result in attracting more applicants to the EMS field of work. Although this may assist in retention of current EMS personnel, it is unlikely that such a measure will assist in the recruitment of new employees. According to KCC, the average age of the graduating paramedic is 26 years. It is your Committee's belief that persons at this age generally do not look at retirement benefits as a reason for employment, but are more concerned with salary and working conditions. Through discussions at the public hearing, it appears that the problem of recruitment is more attuned to the educational aspects of working in the EMS field and not one of retirement.

Concerns regarding who this measure would affect were also noted by your Committee. As currently written, the bill would affect all EMS personnel working throughout the State, when in actuality, it is aimed specifically to field paramedics working for the C&C of Honolulu. If this were to affect all EMS personnel throughout the State, there could be possible conflicts with other public safety personnel's retirement benefits. Your Committee also has concerns that other EMS personnel whose primary responsibility is not the provision of emergency medical services, such as dispatchers, automotive personnel, maintenance personnel, and supply personnel, are not covered by the provisions of this bill, although they may face the same stress as frontline personnel.

Upon further consideration, your Committee has amended this measure by specifying that the benefits apply to emergency medical technicians of the C&C of Honolulu. Your Committee notes that other legal issues may arise as a result of this application.

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

As the financial aspects of this bill fall outside of the purview of this Committee, your Committee respectfully requests that the Committee on Finance consider the financial implications and the ramifications this bill may have on the general fund budget.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 507, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 507, H.D. 2.

Signed by all members of the Committee except Representatives Ito, Souki, M. Oshiro and Pendleton.

SCRep. 541 Water, Land Use, and Hawaiian Affairs on H.B. No. 426

The purpose of this bill is to authorize the Department of Land and Natural Resources to issue new leases to existing lessees of specific parcels on Kauai.

The Department of Land and Natural Resources testified that the department has already approved the re-issuance of new leases for these lands under existing law and took no position on this bill. The Kauai Beachfront Hotel testified in support of this measure.

Your Committee, however, is aware of, and concerned with unresolved issues concerning the re-issuance of the new leases. Therefore, your Committee recommends that the Committee on Finance continue discussions on this matter to resolve those issues.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 426 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Thielen.

SCRep. 542 Water, Land Use, and Hawaiian Affairs on H.B. No. 1335

The purpose of this bill, as received by your Committee, is to provide tuition waivers for all Hawaiian and part-Hawaiian students who provide proof of need of financial assistance and who meet all standards and qualifications for entry into the University of Hawaii (UH) System.

UH supported the intent of the bill and offered comments as well as information to correct certain student statistics in the findings section of this measure. Supporting testimony was received from the Department of Education, the Office of Hawaiian Affairs (OHA), Associated Students of UH at Manoa, a UH Regent Emeritus, Kua'ana Native Hawaiian Student Development Services, Ka Lahui Hawaii's Political Action Committee, Hui Ho'oulu's Political Action Committee, Native Hawaiian Leadership Project, UH Student Caucus, and testimony from numerous students.

Your Committee takes issue that the 16,000 acres of ceded lands under UH control was previously classified as sovereign. Accordingly, your Committee believes that the State has an obligation for ceded lands revenue payment to OHA. In extrapolating this acreage to land rent and OHA's proportional share, your Committee has determined approximate value toward tuition waivers.

With the concurrence of the Higher Education Committee Chair, this bill has been amended by:

- (1) Replacing references to "Hawaiian" and "part-Hawaiian" with "native Hawaiian" and "Hawaiian" in section 2;
- (2) Requiring a 50 percent tuition waiver for all native Hawaiian and Hawaiian students;
- (3) Requiring an additional 50 to 100 percent waiver of remaining tuition fees for native Hawaiian and Hawaiian students who demonstrate financial need;
- (4) Specifying that tuition waiver eligibility shall be dependent on meeting admissions requirements and on maintaining satisfactory grade levels;
- (5) Changing the effective date of this bill from July 1, 2050, to July 1, 2004. The new effective date considers possible settlement of the entire ceded lands payment issue during the 2004 session; and
- (6) Making technical, nonsubstantive amendments to conform to standard drafting conventions.

Finally, your Committee believes that student contribution will provide a greater sense of value for the waiver.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1335, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1335, H.D. 2.

Signed by all members of the Committee except Representative Thielen.

SCRep. 543 Health/Human Services and Housing on H.B. No. 169

The purpose of this bill is to provide support for family caregivers by:

- (1) Establishing an advisory board for family caregivers of seniors (Board);
- (2) Authorizing a statewide family caregiver services coordinator (Coordinator) in the Executive Office on Aging (EOA); and
- (3) Appropriating funds to:
 - (A) Hire a Coordinator;
 - (B) Cover the costs incurred by the Board in carrying out its duties; and
 - (C) Provide training for family caregivers and to provide respite services for families caring for a senior with special needs or a senior at risk of abuse or neglect.

AARP Hawaii, PABEA, and a concerned citizen submitted testimony in support of this bill. EOA submitted testimony supporting the intent of the bill.

Your Committees find that family caregivers are a vital component of the long-term care system and that government needs to support caregivers in this often difficult and costly role. Moreover, there is a need to coordinate and develop services and systems for family caregivers that benefit as many residents of the State as possible.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 169 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 544 Health on H.B. No. 279

The purpose of this bill is to codify the Department of Health's (DOH) Public Health Nursing Services Program (Program) into the Hawaii Revised Statutes and thereby recognize its roles and functions in the delivery of direct clinical nursing services to the people of Hawaii.

Testimony in support of this measure was submitted by DOH, the Hawaii Government Employees Association, Hawaii Early Intervention Coordinating Council, Child Welfare Services State Advisory Council, East Kauai Lions Club, and over two dozen individuals.

This Program is prominently involved in the provision of services for the prevention and control of communicable diseases, immunization activities, and immediate response to epidemics and other catastrophic disasters and traumatic emergencies in the community.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 279 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Finnegan.

SCRep. 545 Health on H.B. No. 423

The purpose of this bill is to promote the health and well-being of Hawaii's citizens. Specifically this bill:

- (1) Establishes a Cancer Detection Special Fund (Special Fund) to be administered by the Director of Health (Director);
- (2) Encourages Hawaii-based technological development of devices to detect cancer in its early stages;

- (3) Provides a funding mechanism for the Special Fund by authorizing annual deposits from the Cigarette and Tobacco Special Fund; and
- (4) Requires the Director to solicit advice on disbursement of funds.

The Hawaii Technology Trade Association, Science & Technology International, and two individuals testified in support of this measure. The Department of Budget and Finance testified in opposition to this measure. The Department of Health, Coalition For a Tobacco Free Hawaii, American Heart Association, and the Tax Foundation of Hawaii commented on this measure.

Your Committee finds that it is in the interest of the public health and welfare to support and encourage Hawaii-based development of technology to detect cancer in its early stages.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 423 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 546 Health on H.B. No. 1603

The purpose of this bill is to address the rapidly increasing use of crystal methamphetamine by appropriating funds to establish an adolescent substance abuse treatment center on the island of Hawaii.

A United States Senator; the Department of Health; Office of the Mayor, County of Hawaii; a Hawaii County councilmember; Hawaii Island Economic Development Board; Blueprint for Change; Family and Support Services of West Hawaii; Hawaii Primary Care Association; and an individual submitted testimony in support of this measure.

Your Committee finds that crystal methamphetamine (ice) is the greatest threat to the health and public safety of communities on the island of Hawaii. Your Committee heard compelling testimony explaining that Big Island youths do not have many positive role models because of the rapidly increasing drug problem in their communities.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1603 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Finnegan and Stonebraker.

SCRep. 547 Health on H.B. No. 1604

The purpose of this bill is to appropriate funds for fiscal year 2003-2004 for community anti-drug efforts aimed at preventing the use of crystal methamphetamine on the island of Hawaii.

A United States Senator, the Department of Health, the Hawaii State Teachers Association, the Office of the Mayor of the County of Hawaii, a member of the Hawaii County Council, the Queen's Medical Center, the Community Alliance on Prisons, Hawaii Island Economic Development Board, Blueprint for Change, Family Support Services of West Hawaii, and a concerned individual submitted testimony in support of this bill.

Your Committee finds that crystal methamphetamine, or "ice," has become the greatest threat to the health and public safety of communities in the County of Hawaii.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1604 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Finnegan and Stonebraker.

SCRep. 548 Health on H.B. No. 1426

The purpose of this bill is to provide a dedicated source of funding for substance abuse and treatment programs by creating the Substance Abuse Prevention, Education, and Treatment Special Fund (Special Fund) to collect moneys from a tax surcharge on liquor and cigarettes, and a portion of the proceeds from the sale of property forfeited under the forfeiture law.

The Hawaii Primary Care Association, Blueprint for Change, Community Alliance on Prisons, and several concerned individuals testified in support of this measure. The Department of Budget and Finance, Department of Taxation, Department of the Prosecuting Attorney of the City and County of Honolulu, Office of the Prosecuting Attorney, County of Kauai, and the Wine Institute opposed this measure. Anheuser Busch Companies, the American Heart Association, Tax Foundation of Hawaii, and Coalition for a Tobacco Free Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Removing the forfeiture law contribution to the Special Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1426, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 549 Health on H.B. No. 903

The purpose of this bill is to require the Department of Health (DOH) and Department of Education (DOE) to establish a comprehensive school health program.

The Hawaii Primary Care Association and Hawaii Government Employees Association testified in support of this measure. DOE and Hawaii State Commission on the Status of Women supported the intent of this measure. Planned Parenthood of Hawaii, North Hawaii Women and Children's Services, and Hawaii Teen Pregnancy, Parenting and Prevention Council supported this measure with amendments. DOH submitted comments.

Your Committee has amended this bill by:

- (1) Including school-based or public health nurses and school health aides in the planning committee;
- (2) Deleting reference to abortion-related services and contraceptives; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 903, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 903, H.D. 1.

Signed by all members of the Committee except Representative Finnegan.

SCRep. 550 Health on H.B. No. 721

The purpose of this bill is to appropriate funds for 24-hour ambulance services for the upcountry area of Maui, which includes Kula, Makawao, and Pukalani.

The Office of the Mayor, County of Maui; Kula Community Association; American Medical Response; and numerous concerned individuals testified in support of this measure. The Department of Health supported the intent of this measure.

Your Committee notes that 24-hour ambulance service for upcountry Maui is essential for this growing community and tourist center. Emergency situations occurring after regular ambulance service hours in rural areas experience longer response times, and this could mean the difference between life and death.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 721 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 551 Health on H.B. No. 1498

The purpose of this bill is to appropriate funds to provide emergency medical air helicopter services for the county of Maui.

The Office of the Mayor, County of Maui; several members of the Maui County Council; Maui Hotel Association; Healthcare Association of Hawaii; Hawaii Health Systems Corporation; American Medical Response; and numerous individuals testified in support of this measure. The Department of Health and Hawaii Air Ambulance, Inc., supported the intent of this measure.

Your Committee finds that current emergency medical air transportation services in Maui County lack the ability to transport severely injured or ill persons who require immediate medical attention at tertiary hospitals in Honolulu in a timely manner.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1498 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 552 Health on H.B. No. 1355

The purpose of this bill is to provide a tax deduction for the replacement of lead plumbing pipes and to provide a tax credit for the purchase of pre-approved lead filtration system.

A councilmember from the Maui County Council and several concerned individuals submitted testimony in support of this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments on this measure.

Your Committee finds that lead contamination of drinking water continues to pose a serious health risk. Further, your Committee recognizes that one of the main sources of lead contamination of drinking water results from the leaching of lead from house plumbing. Thus, your Committee acknowledges that a tax deduction for the replacement of lead plumbing pipes and a tax credit for the purchase of pre-approved lead filtration systems will provide economic relief for individuals seeking to upgrade plumbing to improve water quality.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1355 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 553 Public Safety and Military Affairs on H.B. No. 1123

The purpose of this bill is to combat terrorism and related activities by providing law enforcement officials with a means to charge those involved in terrorist-related activities. This bill creates the new offenses of:

- (1) Terrorism;

- (2) Hindering apprehension or prosecution for terrorism;
- (3) Unlawful production or possession of a chemical, biological, or nuclear weapon;
- (4) Malicious hoax by means of an imitation chemical, biological, or nuclear weapon; and
- (5) Making a false public alarm in the first and second degree.

The Department of the Attorney General, County of Maui Department of the Prosecuting Attorney, City and County of Honolulu Department of the Prosecuting Attorney, and the Honolulu Police Department testified in support of this bill. The Office of the Public Defender, American Civil Liberties Union of Hawaii, American Friends Service Committee, and one individual opposed this measure.

Proponents of this bill maintain that strong penalties are needed to deter those who would engage in terrorist activities or who would assist terrorists. On the other hand, opponents believe that this bill will reduce the constitutional protections that we value as American citizens.

Your Committee has amended this bill by:

- (1) Repealing this measure on June 30, 2004, for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive amendments to correct technical errors.

Your Committee respectfully requests the Committee on Judiciary to ensure that the provisions of this bill are consistent with the other provisions of the Penal Code.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1123, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1123, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives M. Oshiro and Souki.

SCRep. 554 Judiciary on H.B. No. 1547

The purpose of this bill as received by your committee is to establish a comprehensive program for public funding of candidates seeking election to the House of Representatives.

Testimony in support of this measure was received by American Civil Liberties Union of Hawaii, Green Party of Hawaii, Hawaii Elections Project, Hawaii Clean Elections, League of Women Voters of Hawaii, League of Women Voters of Honolulu, Interfaith Alliance of Hawaii, and several concerned individuals. The Campaign Spending Commission opposed the measure.

Upon further consideration, your Committee amended the bill as follows:

- (1) Expanding the scope of the public funding program to both Senate and House of Representatives;
- (2) Adding revisions to sections regarding the Hawaii election campaign fund to authorize funding for the proposed public funding for legislature offices program;
- (3) Adding revisions to sections of existing law regarding public funding of candidates to distinguish between the proposed public funding for legislature offices and the existing matching public funding for candidates seeking election to any office;
- (4) Changing the sufficiency of funding for the public funding for legislature offices program to require sufficient public funding for one candidate per contested office in the election period;
- (5) Changing the formula for public funding to allocate funding based on the voluntary expenditure limits under existing law (currently \$1.40) per registered voter in the last general election. The publicly funded candidate will receive the allotment for each of the primary and general election if the primary is contested; but only for the general election if the primary is not contested;
- (6) Changing the amount necessary to qualify for public funding to require collection of \$3 contributions from 1.5% of the registered voters in the last general election;
- (7) Changing "qualifying period" to end on the deadline date to file nomination papers for office;
- (8) Removing sections on the equalizing formula to match a privately funded opponent because the formula for public funding changed;
- (9) Adding provision to permit use of surplus money for seed money. Surplus funds are frozen upon declaration of intent to seek public funding;
- (10) Changing residency requirement to qualify for public funding to the requirement that the candidate reside in the district at the time nomination papers are filed; but that the candidate who seeks public funding must declare the office and district in which he/she intends to seek election when the candidate files the declaration of intent to seek public funding;
- (11) Changing the penalty section to require that a candidate knowingly accept seed money contributions from a person in the name of another before being subject to a penalty;
- (12) Adding provision that imposes a disqualification for public funding if a candidate knowingly accepts qualifying contributions from a person in the name of another, as well as other penalties;
- (13) Expanding the time for the commission to act on an application for public funding to five business days when the applications are filed within a week of the deadline for filing nomination papers;

- (14) Clarifying that candidates who are not certified for public funding under the Legislature Offices program may seek public funding under the matching program;
- (15) Changing the period during which a publicly funded candidate is prohibited from accepting private contributions after being elected to September 1 or when the commission determines that insufficient funds exist to fund the Legislature Offices program;
- (16) Clarifying that public funded candidates are required to file the same reports as privately funded candidates and added additional reporting requirements for publicly funded candidates (petty case, bank statements, receipts etc.);
- (17) Clarifying that independent expenditures made without the consent, cooperation or participation of the publicly funded candidate are not contributions to the candidate;
- (18) Changing the description of the program from "clean elections" to "public funding for Legislature Offices Elections" and made numerous technical changes to clarify the intent of the provisions; and
- (19) Making other technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1547, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1547, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 555 Judiciary on H.B. No. 925

The purpose of this bill as received is to permit the Department of Health and Department of Human Services to require criminal history record checks and other background checks of operators, employees, and service providers in facilities that provide services to frail, elderly, or disabled adults.

The Kokua Council testified in support of the bill. The Departments of Health, Human Services, and the Attorney General testified in support of the intent of the bill.

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

- (1) Adding clarifying language to the new sections in sections 1 and 2 of the bill that the criminal history and background checks are to be done on operators and their employees and service providers who provide direct services to the frail, elderly, and disabled adults;
- (2) Specifying that the Department of Health may suspend, revoke, or deny licensure for skilled nursing facilities, intermediate care facilities, adult residential care home, and assisted living facilities if a criminal history check indicates the person poses a threat to the health, safety, well-being of residents of those facilities.
- (3) Removing foster grandparent program and child abuse perpetrator background checks because this is beyond the title of the bill;
- (4) Authorizing fingerprinting checks through the Federal Bureau of Investigation (FBI);
- (5) Increasing the Criminal History Improvement Revolving Fund appropriation ceiling to permit processing through the FBI;
- (6) Adding a severability clause; and
- (7) Making other technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 925, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 925, H.D. 2.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 556 Judiciary on H.B. No. 641

The purpose of this bill is to clarify laws relating to criminal history record checks. Specifically, this bill:

- (1) Establishes rules applicable to the State, its political subdivisions, or agencies regarding the procurement of criminal history record checks;
- (2) Establishes standard language regarding criminal history record checks and background checks to eliminate inconsistencies and duplicative language authorizing criminal history record checks for purposes of employment, background checks, certification, and licensing of individuals;
- (3) Eliminates inconsistencies in individual program statutes through application of this standard language; and
- (4) Amends numerous sections of the Hawaii Revised Statutes to conform to this standard language.

The Departments of Human Services and Human Resources Development, the Hawaii Civil Rights Commission, the Police Department of the City and County of Honolulu, and the Hawaii Association of Independent Schools testified in support of the measure. The State Department of Public Safety, Department of Attorney General, Department of Education, Kokua Council, and the Chamber of Commerce of Hawaii testified in support of the intent of the bill and offered amendments. The Community Associations of Hawaii testified about its concerns.

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

- (1) Clarify that certain employers are exempt from the 10-year look back limitation period to consider the criminal history of prospective employees in section 378-2.5(d), Hawaii Revised Statutes;
- (2) Add the phrase "may refuse to employ" to section 302A-4(b), Hawaii Revised Statutes, to confirm that the Department of Education has the option to refuse to employ prospective employees whose criminal history indicate the lack of suitability for working in close proximity with children; and
- (3) Make other technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 641, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 641, H.D. 2.

Signed by all members of the Committee except Representatives Caldwell, Herkes, Ito, M. Oshiro and Thielen.

SCRep. 557 Judiciary on H.B. No. 1165

The purpose of this bill is to clarify and update Hawaii's business registration laws.

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

Your Committee finds that this bill will encourage a favorable business climate in Hawaii by streamlining business registration requirements.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1165, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1165, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto, Pendleton and Thielen.

SCRep. 558 Judiciary on H.B. No. 476

The purpose of this bill is to allow state and county agencies to enter into habitat conservation plans and safe harbor agreements.

The Sierra Club, Hawaii Chapter, testified in support of this bill. The Department of Transportation and the Iliouokalani Coalition testified in support of the intent of this bill. The Estate of James Campbell, the Hawaii Forest Industry Association, and Hawaii Reserves, Inc., testified in opposition to this measure. The Department of Land and Natural Resources, Earthjustice, the Hawaii Leeward Planning Conference, the Land Use Research Foundation, and the Nature Conservancy of Hawaii commented on this bill.

Your Committee finds this measure will enhance protection of Hawaii's endangered and threatened species on public as well as private lands.

Your Committee has made technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 476, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 476, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Herkes, Ito, M. Oshiro and Souki.
(Representative Thielen voted no.)

SCRep. 559 Judiciary on H.B. No. 1636

The purpose of this bill is to establish the Hawaiian Housing Finance Corporation as a means to remedy a shortage of housing and related facilities for native Hawaiian people on Hawaiian home lands.

The Office of Hawaiian Affairs and the State Council of Hawaiian Homesteads testified in support of this bill. Hui Kako'o 'Aina Ho'opulapula testified in opposition to this measure. The Department of Hawaiian Home Lands testified in support of the intent of this bill.

Your Committee finds this measure will enhance community development to benefit Hawaii residents of native Hawaiian ancestry.

Your Committee has amended this measure by:

- (1) Removing references to veterans and to persons engaged in national defense and their families;
- (2) Deleting Part III concerning urban renewal;
- (3) Identifying the regional housing authorities;
- (4) Adding an appropriations section with a blank amount;
- (5) Inserting an effective date of July 1, 2020, to enable further discussion of this measure; and
- (6) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1636, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1636, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 560 Labor and Public Employment on H.B. No. 1125

The purpose of this bill is to create two new offenses related to the illegal compensation of public officials and employees: bribery in the second degree and unlawful gift to public servants by persons subject to their jurisdiction.

Your Committee finds that over the past several years, there have been several instances of public officials engaging in financial misconduct. This has resulted in the loss of public confidence not only in public institutions in general, but in those who work in them as well.

This bill recognizes the importance of clear and strong laws against public corruption, particularly the buying of influence and power. According to the Attorney General, by strengthening the bribery laws as they relate to public officials, it will be easier to prosecute cases of improperly influencing these officials.

However, your Committee has concerns about making the distinction between things of value one receives that are incidental to the performance of official duties as opposed to things of value that are unnecessary to be given or received. Although your Committee agrees with the intent of this measure, more thought must be put into this bill before felony offenses for the receipt of gifts during a government official's "official" capacity are created. Nevertheless, this measure deserves further discussion.

Accordingly, your Committee has amended this measure by changing the effective date to July 1, 2050, for purposes of furthering discussion.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1125, as amended herein, and recommends that it be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 1125, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Souki and M. Oshiro.

SCRep. 561 Labor and Public Employment on H.B. No. 531

The purpose of this bill is to require that proposed adjustments to the compensation and benefit packages for employees excluded from civil service be at least equal to the adjustments provided under collective bargaining agreements to their civil service counterparts and subordinates within the employer's jurisdiction.

The Hawaii Government Employees Association supported this bill. The Department of Human Resources Development opposed the measure.

Your Committee finds that many of the employees not covered under collective bargaining are career civil servants who have competed for their positions in the same manner as other public employees. They have spent their entire careers gaining the knowledge and skills required to run effectively and efficiently the programs that provide essential services to our community. To treat such employees differently from--and perhaps even offer them less than--their counterparts and subordinates is extremely unfair.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 531 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki, Moses and Pendleton.

SCRep. 562 Labor and Public Employment on H.B. No. 968

The purpose of this bill is to encourage unemployed persons to seek gainful employment by maximizing the weekly benefit amount that an eligible individual who is unemployed is entitled to receive.

The Hawaii State AFL-CIO, Hotel Employees Restaurant Employees Local 5, and a concerned individual testified in support of this bill. The Department of Labor and Industrial Relations supported the intent of the measure. ILWU Local 142 opposed the bill.

At the present time, many individuals who maintained multiple jobs but were laid off from one of them have had their unemployment benefits offset by the wages received from their other part-time employment less \$50. As a result, such individuals have seen their total income reduced through no fault of their own and face a disincentive against seeking employment.

Your Committee would like to inform the Committee on Finance that an additional \$31,000,000 is available in federal funds under the Temporary Extended Unemployment Compensation Act to pay for unemployment benefits. These moneys should help to mitigate the financial effect that this bill will have on the State's Unemployment Compensation Fund.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 968 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki, Moses and Pendleton.

SCRep. 563 Labor and Public Employment on H.B. No. 1203

The purpose of this bill is to establish an advisory committee on labor and industrial relations to facilitate the provision of input into policies and programs of the Department of Labor and Industrial Relations (DLIR) by its users.

DLIR, the Society for Human Resource Management, Hawaii Chapter, Hawaii Disability Rights Center, and Hawaii Chapter - American Physical Therapy Association testified in support of this measure. The Office of Information Practices testified in support of the intent of the measure. ILWU Local 142 testified in opposition to this measure.

Although DLIR should benefit from as much public input into its programs and policies as possible, your Committee feels that there is nothing preventing DLIR from convening the advisory committee proposed in this measure through current administrative

rules. Your Committee notes that DLIR testified that it was DLIR's opinion that the advisory committee was more apt to schedule hearings and meetings if the advisory committee were established statutorily rather than through administrative rules.

However, your Committee has some concerns about the Director of Labor and Industrial Relations (Director) having complete authority over the appointment of both committee members and the committee chair. Accordingly, your Committee has amended the measure by:

- (1) Requiring the Director to submit a list of nominees to the Governor, based on recommended nominees submitted from labor, management, and the public;
- (2) Requiring that the Governor make the final appointment of the advisory committee members and the chair; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

Your Committee respectfully requests the Committee on Finance to take a closer look at the problem with the title of this bill, and if it concurs that the title will flaw the measure, to search for another vehicle to further the discussion of this measure.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1203, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki and Moses.

SCRep. 564 Labor and Public Employment on H.B. No. 50

The purpose of this bill is to restore health fund benefits to retired public employees.

The Hawaii State Teachers Association and the Retirees Unit, HGEA-AFSCME Local 152, testified in support of this measure. The Hawaii State Retired Teachers Association, Oahu Retired Teachers Association, and a retired citizen testified in support of the intent of the measure. The Department of Budget and Finance testified in opposition to this measure.

When most public employee retirees were first hired, it was with the understanding that the State would provide them with free health benefits for the employee and the employee's family upon retirement. Act 88, Session Laws of Hawaii 2001, changed this situation when the plan changed from a defined benefits plan to a defined contribution plan.

Your Committee finds that retirees had the expectation that their health plan would pay for voluntary medical insurance coverage under federal Medicare. To ensure that retirees receive this voluntary medical insurance coverage under Medicare at no charge, payment by the Hawaii Public Employees Health Fund (HPEHF) should be required.

Your Committee is aware that HPEHF is scheduled to be replaced by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) on July 1, 2003. If the requirements necessary to transfer the functions of HPEHF are not in place by March 1, 2003, EUTF will not be ready to begin operations. This will leave HPEHF in limbo and result in thousands of public employees temporarily losing health benefits. This presents a serious problem, and it is your Committee's intention to pass another measure, which extends HPEHF for an additional year.

Taking into consideration all of these concerns, your Committee has amended this measure by:

- (1) Requiring HPEHF to pay the contribution for voluntary medical insurance coverage under federal Medicare; and
- (2) Providing for annual audits of employee organization health benefit plans.

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

Your Committee recognizes the complexity of the current situation involving HPEHF and EUTF and that this measure will have an impact on the State's obligation to its retirees. Currently, there are 30,000 public employee retirees, 20,000 of whom are over the age of 65. These retirees also have 7,000 dependents.

The financial impacts of this measure fall beyond the purview of the Committee on Labor and Public Employment. Therefore, your Committee respectfully requests the Committee on Finance to examine the financial implications of this measure and requests the Director of Finance, who is also a member of the HPEHF Board of Trustees, to provide the Committee on Finance with additional data regarding the cost components related to retiree health benefits.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 50, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 50, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki and Moses.

SCRep. 565 Labor and Public Employment on H.B. No. 510

The purpose of this bill is to establish a system of managed competition in the State and regulate the privatization of government services.

HGEA-AFSCME testified in support of the intent of this measure. The Department of Human Resources Development, Office of Information Practices, and Department of Water of the County of Kauai commented on this measure.

Act 90, Session Laws of Hawaii 2001, attempted to make government more efficient and economical by allowing the Governor and executives of other jurisdictions to use privatization and managed competition as management tools to provide government services more efficiently. However, in a report submitted to the Legislature in 2002, the Legislative Auditor (Auditor) stated that the State is not adequately prepared for privatization or managed competition. The Auditor found that a framework to direct agency efforts was needed and that this framework, should at a minimum, include a privatization authority to ensure that privatization goals are achieved. This measure attempts to establish this framework and incorporates many of the concepts identified by the Task Force on Managed Competition.

However, your Committee understands that some concerns remain regarding the impact this measure may have upon civil service employees. Your Committee also notes that many of the departments had concerns about a paperwork burden that may be realized with the additional monitoring, reporting, and contract review requirements proposed in this bill.

Your Committee has amended this measure by:

- (1) Requiring that, effective July 1, 2003, agency determinations on whether services an agency needs or is required to provide are performed more efficiently and economically by public employees or by private contractors be made every odd year;
- (2) Requiring that individual departments, not the departments of finance of the State and various jurisdictions, establish the performance standards, quality measures, and procedures to monitor the effectiveness of agency determinations to use agency employees or private contractors to perform the services an agency needs;
- (3) Requiring that the directors of finance specify the amount of those actual direct and indirect costs for the past fiscal year that are common to all agencies within their respective jurisdictions that the agencies shall use to measure efficiencies and economies; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 510, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 510, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki and Moses.

SCRep. 566 Labor and Public Employment on H.B. No. 1593

The purpose of this bill is to reduce the possibility of strikes by providing that an individual may collect unemployment benefits if prior to or during a work stoppage, it is shown that the employer has rejected a bona fide offer from the labor organization to have the dispute submitted to binding arbitration.

Unity House, Inc., ILWU Local 142, and several individuals testified in support of this bill. The Chamber of Commerce and the Department of Labor and Industrial Relations opposed this bill.

This bill places the burden on labor organizations to take disputes that may lead to potential strikes to the employer and submit to binding arbitration. If the labor organization does not do this, it jeopardizes the employees' rights to collect unemployment benefits during a work stoppage.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2050 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for consistency and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1593, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1593, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Souki and Moses.
(Representative Pendleton voted no.)

SCRep. 567 Energy and Environmental Protection/Agriculture on H.B. No. 182

The purpose of this bill is to assist the research and training of snake detector dogs by allowing the Department of Agriculture (DOA) to import four, live, sterile, male, brown tree snakes into the State.

DOA, the Maui Invasive Species Committee, Hawaii Agriculture Research Center, Nature Conservancy of Hawaii, Coordinating Group on Alien Pest Species, and the Invasive Species Committee on each island supported this bill.

Your Committees understand that snake detector dogs require specific training on certain scents to retain heightened awareness. The brown tree snake that was used by the DOA to train the dogs has since passed away, and it has taken the DOA more than a year to receive a new snake. This bill is critical because it will ensure that the DOA has a snake available for training when needed.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 182 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Kanoho, Thielen, Chang, Herkes, B. Oshiro, Tamayo and Marumoto.

SCRep. 568 Judiciary on H.B. No. 562

The purpose of the bill is to remove the sunset provision of Act 1, Second Special Session 2001, which raised the age at which a person can consent to sexual contact from 14 to 16 years of age in most cases.

The Department of the Attorney General, Volunteer Legal Services of Hawaii, Hawaii Youth Services Network, the Roman Catholic Church in the State of Hawaii, Hawaii Family Forum, and a concerned individual testified in support of this bill. The Office of the Public Defender opposed the bill.

Your Committee finds that this measure will make permanent the provisions that raised the age of consent to 16 in most cases.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 562 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto and Pendleton.

SCRep. 569 Judiciary on H.B. No. 652

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

The Office of Collective Bargaining and Managed Competition, Advantage Mortgage, Inc., Donald Lau Mortgage Broker, Inc., Hawaii Home Loans, Inc., Monarch Insurance Services, Inc., Mortgage Specialists, Inc., Paradise Mortgage LLC, 21st Century Mortgage, and the Legislative Reference Bureau testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 652 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 570 Judiciary on H.B. No. 1113

The purpose of the bill is to restore:

- (1) Language regarding the illegal display or possession of a fictitious or fraudulent driver's license; and
- (2) Language regarding use of false or fictitious names in applications for driver's licenses,

that was mistakenly repealed by Act 224, Session Laws of Hawaii 2002, from section 286-131 Hawaii Revised Statutes.

The Department of the Attorney General, Department of Transportation, and the Honolulu Police Department testified in support of this bill.

Your Committee finds that this bill restores:

- (1) The offense of illegal display or possession of a fictitious or fraudulent driver's license; and
- (2) The offense of use of false or fictitious names in applications for driver's licenses.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1113 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto and Pendleton.

SCRep. 571 Judiciary on H.B. No. 899

The purpose of the bill is to decrease the fireworks permit fee from \$25 to \$10.

T.H.Y. & Associates, Inc., and a concerned individual testified in support of this bill.

Your Committee finds that the present fee for a fireworks permit is extraordinarily high and only serves to punish fireworks users. Reducing the fee would bring it down to a more reasonable level.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 899 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto and Pendleton.
(Representative Thielen voted no.)

SCRep. 572 Judiciary on H.B. No. 991

The purpose of the bill is to allow a person convicted of a crime who has been pardoned to own, possess, or control any firearm.

Concerned individuals testified in support of this measure. The Hawaii Paroling Authority opposed this measure.

Your Committee finds that pardons are intended to return to the receivers of pardons the rights and privileges they enjoyed before their convictions.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 991 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.
(Representative Thielen voted no.)

SCRep. 573 Judiciary on H.B. No. 762

The purpose of this measure is to authorize the chief election officer to establish procedures to receive and process complaints about and to investigate alleged voter fraud.

Your Committee received testimony in support of this measure from the Office of Elections.

Your Committee has amended this measure by replacing an inadvertent reference to the ombudsman with a reference to the chief election officer.

This measure is consistent with Help America Vote Act of 2002 provisions designed to improve voter fraud investigations.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 762, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 762, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho and Sonson.

SCRep. 574 Energy and Environmental Protection on H.B. No. 1294

The purpose of this bill is to:

- (1) Authorize county planning departments to process and accept the final environmental assessment; and
- (2) Clarify that the accepting agency or authority for an environmental impact statement is not required to be the approving agency for the permit or approval.

The Office of Environmental Quality Control, County of Maui, County of Hawaii Planning Department, Land Use Research Foundation of Hawaii, Maui Land & Pineapple Company, Inc., and Hawaii Resort Developers Conference testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1294 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 575 Water, Land Use, and Hawaiian Affairs on H.B. No. 86

The purpose of this bill is to change the manner in which some of the members of the Hawaii Community Development Authority (HCDA) are selected by replacing two of the four at-large members of HCDA with two members who shall be selected:

- (1) One from a list of three nominees submitted by the Speaker of the House of Representatives; and
- (2) One from a list of three nominees submitted by the President of the Senate.

HCDA submitted comments on this bill.

Presently, all four at-large members of the HCDA are appointed by the Governor. This bill provides that:

- (1) Two members shall be appointed at-large by the Governor; and
- (2) Two members shall be appointed by the Governor:
 - (a) One from a list of three nominees submitted by the Speaker of the House of Representatives; and
 - (b) One from a list of three nominees submitted by the President of the Senate.

Furthermore, in the event of a vacancy in either of these two positions, a replacement shall be selected in the same manner—from a list of three nominees submitted by either the Speaker of the House of Representatives or the President of the Senate, as the case may be.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 86, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Thielen.

SCRep. 576 Consumer Protection and Commerce on H.B. No. 1172

The purpose of this bill is to exclude banks, savings institutions, and trust companies from our State's securities dealer registration requirements by amending the definition of "dealer" in the Uniform Securities Act to exclude these entities.

Testimony in support of this bill was submitted by the Department of Commerce and Consumer Affairs and Hawaii Bankers Association.

Your Committee finds that this bill will increase uniformity between Hawaii's securities law and that of the federal government and the majority of other states. This bill will create the same regulatory expectations regarding dealer registration for banks, savings institutions, and trust companies that currently exist throughout most of the country.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1172 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Herkes, Caldwell, Ito, Kanoho and M. Oshiro.

SCRep. 577 Consumer Protection and Commerce on H.B. No. 1161

The purpose of this bill is to:

- (1) Provide that the minimum qualifications for psychologist licensure in this State are met by a person who possesses a current:
 - (A) Certificate of Professional Qualification in Psychology from the Association of State and Provincial Psychology Boards (ASPPB certificate); or
 - (B) Credential from the National Register of Health Service Providers in Psychology (NRHSP credential);
- (2) Repeal overly burdensome Hawaii license requirements for senior psychologists;
- (3) Repeal the open-book jurisprudence examination; and
- (4) Remove outdated statutory material and make conforming amendments.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, Board of Psychology (Board) and Hawaii Psychological Association. The Hawaii Psychiatric Medical Association offered comments.

Your Committee finds that persons possessing an ASPPB certificate or NRHSP credential have met educational requirements that equal or exceed those for a psychologist license in this State. Accepting the ASPPB certificate and NRHSP credential will expedite the licensing process and increase the number of licensed psychologists in Hawaii, without diminishing consumer protection.

Your Committee further finds that senior psychologists:

- (1) Are currently licensed in another jurisdiction;
- (2) Possess a license based on a doctoral degree; and
- (3) Have been so licensed for 20 consecutive years, discipline free.

Your Committee finds that senior psychologists have already demonstrated their qualifications and competence, making the educational and supervised experience requirements repealed by this bill redundant restrictions that work to prevent qualified psychologists from providing services to the people of Hawaii.

Finally, your Committee understands that the open book examination in jurisprudence ensures that a licensed applicant is familiar with laws and rules that apply to Hawaii's psychologists. The Board has determined the same purpose may be accomplished by a statement that the applicant has read, understands, and will comply with these laws and rules. Thus the Board intends to replace the examination in jurisprudence with a self-attestation statement.

To facilitate further discussion on this matter, your Committee has amended this measure by changing the effective date to July 1, 2050.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1161, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1161, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro, Sonson and Marumoto.

SCRep. 578 Consumer Protection and Commerce/Judiciary on H.B. No. 884

The purpose of this bill is to clarify the law relating to administrative procedure in workers' compensation fraud cases by providing an appropriate standard of proof in the prosecution of these cases. Specifically, this bill:

- (1) Requires the party claiming fraud in an administrative proceeding to prove by a preponderance of the evidence that fraud occurred; and
- (2) Allows the Director of Labor and Industrial Relations and the Labor and Industrial Relations Appeals Board (Appeals Board) to consider evidence of instances of similar conduct demonstrating a pattern.

Testimony in support of this bill was submitted by the Department of Labor and Industrial Relations (DLIR), the Hawaii Insurers Council, and Hawaii Employers' Mutual Insurance Company, Inc. ILWU Local 142 submitted testimony in opposition to this bill.

Your Committees find that to obtain an administrative remedy for alleged workers' compensation fraud, a petitioner must file a written complaint with DLIR. An administrative hearing is held and a written decision is rendered by DLIR based on the evidence, which may be appealed to the Appeals Board.

Your Committees further find that under the current statute, the standard of proof is not specified. This bill would thus eliminate any confusion regarding the burden of proof in workers' compensation fraud claims.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 884 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Caldwell, Chang, Ito, Kanoho, M. Oshiro, Souki and Thielen.

SCRep. 579 Judiciary on H.B. No. 1022

The purpose of this bill is to allow adults to expunge their juvenile arrest records if they were counseled and released following their arrest as a juvenile.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Office of the Public Defender, the Juvenile Justice Information Committee, and the Honolulu Police Department.

Your Committee finds that this measure will enable all persons who were arrested as juveniles but whose cases were not referred to the prosecuting attorney or the family court to expunge their juvenile records. A juvenile must admit guilt to be eligible for counseling and release and this "first strike" must remain on the record until the juvenile becomes an adult. However, for the record to remain permanently may unfairly impact the person and in addition may incline a juvenile to take the case through the justice system hoping to have the case dismissed.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1022 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho and Sonson.

SCRep. 580 Judiciary on H.B. No. 802

The purpose of this bill is to redefine the offense of disorderly conduct and to expand the scope of privacy violations to include recording or broadcasting a person's intimate area underneath clothing if the recording or broadcast is done while the person is in a public place and if the person has not consented to the recording or broadcast.

The Department of the Prosecuting Attorney for the City and County of Honolulu and the Honolulu Police Department testified in support of the measure. The Office of the Public Defender expressed concerns.

Your Committee finds that advancement in technology has provided the opportunity for "video voyeurism" in public places. A change in the offense of violation of privacy will address the growing concern for the offensive practice of "upskirt photography."

Your Committee amended the bill by:

- (1) Limiting the prohibition to records or broadcasts made covertly;
- (2) Permitting the destruction of recordings made in violation of the misdemeanor offense of violation of privacy;
- (3) Adding a savings clause; and
- (4) Making technical and nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 802, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto and Pendleton.

SCRep. 581 Judiciary on H.B. No. 1010

The purpose of the bill is to allow for the evidentiary admissibility of a defendant's refusal to submit to a breath, blood, or urine test for intoxication.

The Department of Transportation, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, and Mothers Against Drunk Drivers testified in support of this bill. A concerned individual testified in opposition to this bill. The Office of the Public Defender provided comments.

Your Committee finds that:

- (1) The Standing Committee on the Rules of Evidence considered and approved the change proposed by this measure;
- (2) The change does not require the admission of this evidence but only allows it; all other evidentiary foundational requirements for admission must be met before the evidence may be admitted; and
- (3) The purpose of section 219E-41(d) and (e), Hawaii Revised Statutes (HRS), was to encourage respondents to submit to testing by punishing those who refuse to be tested. This reasoning is less compelling once the refusal itself becomes admissible.

Your Committee amended the bill by:

- (1) Repealing section 291E-41(d) and (e), HRS; and
- (2) Making technical and nonsubstantive changes for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1010, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1010, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 582 Judiciary on H.B. No. 133

The purpose of the bill is to provide:

- (1) Immunity from prosecution for leaving an unharmed newborn at a hospital within 72 hours of birth; and
- (2) Immunity from liability for the hospital and hospital personnel for receiving a newborn.

The Honolulu Police Department, Commission on the Status of Women, and Hawaii Family Forum testified in support of this bill. The Department of the Prosecuting Attorney for the City and County Honolulu and Healthy Mothers, Healthy Babies supported the intent of this measure. The Department of Human Services opposed this bill.

Your Committee finds that this measure would help prevent newborns from being abandoned in life-threatening situations.

Your Committee has amended this bill by:

- (1) Extending from 72 hours to 30 days the period after birth during which a newborn may be left with a health care provider at a hospital without penalty; and
- (2) Making technical, nonsubstantive changes for style and clarity.

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

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 583 Finance on H.B. No. 1223

The purpose of this bill is to effectuate its title.

H.B. No. 1223 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1223, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1223, H.D. 1.

Signed by all members of the Committee.

SCRep. 584 Judiciary on H.B. No. 976

The purpose of this bill is to effectuate its title.

H.B. No. 976 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in the long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the action to report out H.B. No. 976, as amended herein, and recommends that it be recommitted to the Committee on Judiciary, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 976, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro and Thielen.

SCRep. 585 Judiciary on H.B. No. 324

The purpose of this bill is to enable a person who is ineligible to obtain a social security number to provide alternative documentation for a driver's license application.

The East-West Center and a concerned citizen testified in support of this bill. The Department of Transportation, the University of Hawaii, and a concerned citizen testified in support of the intent of this bill. The Department of Customer Services of the City and County of Honolulu and the American Immigration Lawyers Association Hawaii Chapter submitted comments.

Your Committee finds this bill will benefit members of the international community who are legally present in Hawaii but who are not authorized for employment.

Your Committee has amended this measure by:

- (1) Revising the information to be provided in lieu of a social security number and by requiring that the applicant demonstrate ineligibility to obtain a social security number; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 324, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto and Pendleton.

SCRep. 586 Judiciary on H.B. No. 401

The purpose of this bill is to limit grounds for removal of the Chief Elections Officer to "good" cause rather than allowing removal for "any" cause.

The American Civil Liberties Union of Hawaii, the League of Women Voters of Hawaii, and a concerned individual testified in support of this bill.

This measure underscores the importance of making employment decisions relating to the Chief Elections Officer that are free from partisan, personal, or other inappropriate motives.

Your Committee has amended this measure by making a technical, nonsubstantive change for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 401, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 401, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Herkes, Souki, Pendleton and Thielen.

SCRep. 587 Judiciary on H.B. No. 740

The purpose of the bill is to:

- (1) Amend the definition of "litter" to include bulky items;
- (2) Increase the maximum fine for littering; and
- (3) Provide a new penalty for certain bulky litter.

A number of concerned individuals testified in support of this bill. The Office of the Public Defender expressed concerns on the measure.

Your Committee finds that bulky litter creates an eyesore in our communities and needs to be eliminated.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 740, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.
(Representative Herkes voted no.)

SCRep. 588 Judiciary on H.B. No. 981

The purpose of this bill, as received, is to exempt from jury duty persons who live more than seventy miles from the court for which jury service is required.

The Judiciary testified in opposition to the bill and the Office of the Public Defender testified about its concerns with the bill. An individual testified in support of the bill.

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

- (1) Repealing the exemptions from jury service for the categories of attorney, head of an executive department, elected official, judge, minister or priest, physician or dentist, member of the armed forces or militia on active service, and an active member of the police or fire department; and
- (2) Adding exemptions from jury service for:
 - (a) Elected officials, but the exemption can only be claimed when the legislative body is in session; and
 - (b) Persons eighty years of age or older.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 981, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 981, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 589 Judiciary on H.B. No. 1217

The purpose of the bill is to conform Hawaii's Uniform Controlled Substances Act to federal law.

The Department of Public Safety and the Honolulu Police Department testified in support of this bill.

Your Committee finds that this measure brings state law into compliance with federal law as required by section 329-11, Hawaii Revised Statutes.

Your Committee has amended this bill to:

- (1) Require the encoded term "TI" to be displayed in place of "terminally ill"; and
- (2) Make technical and nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1217, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1217, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 590 Consumer Protection and Commerce on H.B. No. 1160

The purpose of this bill is to permit the Board of Public Accountancy (Board) to use the American Institute of Certified Public Accountants' computer-based licensing examination.

Testimony in support of this bill was submitted by the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs. A concerned certified public accountant (CPA) offered comments and suggested an amendment.

Your Committee finds that the Board currently offers paper-and-pencil CPA licensing examinations twice a year. By enabling the Board to replace the current licensing system with a computer-based system, this bill will increase the times that applicants may sit for the examination. Your Committee believes this will allow more CPAs to become licensed each year and result in a larger CPA work force for our State.

Your Committee recognizes concerns that expanding the licensing process to include computer-based examination may open the door to examinations other than the Uniform CPA Examination and the Advisory Grading Service of the American Institute of Certified Public Accountants (AICPA). Heretofore, only individuals who have taken this examination and passed according to standards set by the AICPA grading service have qualified for license in this State.

In an effort to ensure these standards continue to be upheld, your Committee has amended this measure to require that the Board use the Uniform CPA Examination and the Advisory Grading Service of AICPA.

A technical, nonsubstantive amendment has been made for clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1160, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 591 Consumer Protection and Commerce/Judiciary on H.B. No. 1511

The purpose of this bill is to ensure that persons who purchased the leased fee interest in a condominium unit through a bulk sale conducted in good faith by a condominium association, purchased clear title to that leased fee interest. Specifically, this bill:

- (1) Applies to any bulk sale, purchase, or conveyance of the leased fee interest in a condominium project that:
 - (A) Occurred prior to the June 25, 2002, the effective date of amendments to chapter 514C, Hawaii Revised Statutes (HRS), Lease to Fee Conversions for Condominiums and Cooperative Housing Associations, in Act 199, Session Laws of Hawaii 2002; and
 - (B) Was conducted by an association of apartment owners in the good faith belief that the purchase, conveyance, or allocation was valid or in compliance with the law;
- (2) Provides that these conveyances, including mortgages in connection with the conveyance, are valid notwithstanding the association's incapacity or power to undertake the conveyance; and
- (3) Provides the association with immunity from liability for any failure to comply with the requirements of chapter 514C-22, HRS, in the bulk sale, unless the noncompliance was knowing and intentional or the result of gross negligence or willful misconduct.

The Hawaii Council of Associations of Apartment Owners (HCAAO) submitted testimony in support of this bill and offered amendments.

Your Committees believe that this bill will provide stability to the condominium sector of Hawaii's real estate market by ensuring that the fee interests transferred in bulk sales, and the mortgages, common expenses, and other obligations connected with these interests, are valid, enforceable, and transferrable.

Your Committees have amended this bill by:

- (1) Removing, as requested by HCAAO, a new subsection that would have been added to the law, and which was redundant of other provisions added by the bill;
- (2) Changing the effective date of this bill to July 1, 2050, to allow the stakeholders to continue their discussions; and
- (3) Making other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1511, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1511, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro, Sonson, Finnegan and Stonebraker.

SCRep. 592 Judiciary on H.B. No. 533

The purpose of this bill is to broaden the Standards of Conduct to require that disclosures of financial interests required to be filed yearly with the State Ethics Commission include holdings outside of the state.

The Hawaii State Ethics Commission, the League of Women Voters, and Advocates for Consumer Rights testified in support of this bill.

Your Committee finds that this measure will further Hawaii's ethics reform to help ensure the public's trust in elected officials.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 533, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 533, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 593 Finance on H.B. No. 73

The purpose of this bill is to enable the Core Government Functions Advisory Commission (Commission) to continue its work to ensure that scarce state resources are devoted to core government functions.

This bill extends the time frame for the Commission to complete its work from June 30, 2003, to June 30, 2004.

The Commission submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 73 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 594 Finance on H.B. No. 691

The purpose of this bill is to enable smaller local contractors to compete more effectively for public works projects up for bid by allowing local joint ventures to qualify for up to a seven-percent preference if each contractor in the joint venture qualifies individually for the preference.

The General Contractors Association of Hawaii submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 691 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 595 Finance on H.B. No. 1081

The purpose of this bill is to continue the work of the Access Hawaii Committee to oversee the work of the State's Internet portal manager.

This bill extends the time frame for the existence of this Committee from June 30, 2003, to June 30, 2005.

The Governor, Department of Accounting and General Services, and Hawaii Information Consortium supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1081 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 596 Finance on H.B. No. 1225

The purpose of this bill is to amend Hawaii's income tax law to:

- (1) Make consistent with the Internal Revenue Code (IRC) the application of the estimated tax underpayment penalty;
- (2) Conform to the IRC provisions relating to minimum estimated tax payments for prior year returns; and
- (3) Reconcile with the IRC the Department of Taxation's (DOTAX) ability to grant extensions for filing income tax returns.

DOTAX submitted testimony in support of this bill. The Tax Foundation of Hawaii submitted comments on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1225 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 597 Finance on H.B. No. 851

The purpose of this bill is to eliminate the requirement that assessed taxes be paid prior to filing an appeal of the assessment to the Tax Appeal Court.

The Hawaii State Bar Association Tax Section, the National Federation of Independent Business, the Tax Committee of the Hawaii Society of Certified Public Accountants, and a concerned individual testified in support of this bill. PricewaterhouseCoopers LLP supported the intent of this measure. The Department of Taxation opposed this bill. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by making:

- (1) Conforming amendments to sections 236D-15, 346E-8, and 431:7-204.5, Hawaii Revised Statutes; and
- (2) Technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 851, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 851, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 598 Judiciary on H.B. No. 757

The purpose of this bill is to reduce from ten to five years, the period in which the county clerk's office is required to preserve campaign spending reports.

The Hawaii Campaign Spending Commission testified in support of this bill. An individual testified in opposition to this bill.

Upon further consideration, your Committee finds that the records maintained by the county clerk's office are duplicative with those preserved by the Campaign Spending Commission (Commission) and that historical records should be maintained solely by the Commission.

Your Committee has amended this bill by changing the retention period to the current election period in which the reports are filed, provided that the county clerk has mailed the original and one copy of all reports for that election period to the Commission.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 757, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 599 Judiciary on H.B. No. 887

The purpose of this bill is to require corporations to file campaign spending reports similar to those for candidate and noncandidate committees.

The League of Women Voters and a concerned individual testified in support of this bill. The Campaign Spending Commission provided comments.

Your Committee finds that this measure will promote public confidence in the election process.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 887, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 600 Judiciary on H.B. No. 1660

The purpose of the bill is to clarify regulations regarding the filing of campaign spending reports by:

- (1) Authorizing the Campaign Spending Commission (Commission) under certain conditions to waive fines that are in excess of \$50 for failure to file a report or failure to file a correct report, provided the candidate, committee, or party submits an explanation for the reasons why a fine should not be assessed;
- (2) Establishing a graduated schedule of fines for failure to file a report or failure to file a correct report; and
- (3) Deleting the requirement for the Commission to publish the names of all candidates, committees, and parties who have failed to file a report or failed to correct their deficiency in a timely manner.

The Commission commented on this bill.

Your Committee finds that this bill will encourage candidates to file correct timely campaign spending reports.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1660, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 601 Human Services and Housing on H.B. No. 1453

The purpose of this bill is to amend the definition of "lot," "houselot," "residential lot," and "residential houselot" by specifying that the definition applies only to lots zoned for residential use.

Kamehameha Schools, the Small Landowners Association of Hawaii, and Small Landowners of Oahu testified in support of this measure. The Housing and Community Development Corporation of Hawaii supported the intent of this measure.

Your Committee believes that mandatory leasehold conversion should not be applicable to agricultural lots. This measure would clarify that the intent of the existing law was to only allow the mandatory conversion of residential housing.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1453, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Nishimoto, Takai and Takumi.

SCRep. 602 Judiciary on H.B. No. 286

The purpose of this bill is to lower the gift disclosure threshold from \$200 to \$100, above which a legislator, government employee, spouse, or child of a legislator may be required to file a gift disclosure statement.

The Hawaii State Ethics Commission and the League of Women Voters testified in support of this bill.

Your Committee finds that reducing the gift disclosure amount by half will afford greater public scrutiny in gifts received by elected public officials.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 286 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 603 Judiciary on H.B. No. 52

The purpose of the bill is to require drivers, with some exceptions, to place passengers:

- (1) Under four years-of-age into a child passenger restraint system; and
- (2) At least four years-of-age but under eight years-of-age and weighing less than 80 pounds into a safety seat or booster seat.

Your Committee received testimony in support of the measure from the Department of Transportation, the Honolulu Police Department, the Maui County Police, the Waianae Coast Comprehensive Health Center, Mothers Against Drunk Drivers, and Keiki Injury Prevention Coalition. The Hawaii Association of Independent Schools supported the intent of the measure and expressed reservations. The Office of the Public Defender opposed the measure.

Your Committee finds that this measure will better protect children younger than eight years old by having them properly fitted into motor vehicle child restraint seats. However, requiring parents of children who reach their ninth birthday shortly after the effective date of this measure to purchase child safety seats or booster seats that would only be used for a few months would be an undue burden. Your Committee further finds that requiring families with large numbers of children to strictly comply with restraint seat requirements would have the effect of requiring families to purchase extra automobiles or excluding some children from riding in the family automobile.

Your Committee has amended the bill by exempting motor vehicle operators from certain child restraint provisions when:

- (1) The motor vehicle is equipped only with lap belts in the rear seat and no shoulder straps and the child is less than eight years old and over four feet nine inches in height;
- (2) The child will become nine years old prior to July 1, 2004; and
- (3) The vehicle does not have the capacity to fit enough child restraint systems for all the children riding in it, the children who are not placed in restraint systems are exempt, provided that the available systems are used for the youngest children and provided the children not in restraint systems are protected by a seat belt.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 52, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 52, H.D. 2.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 604 Judiciary on H.B. No. 277

The purpose of the bill is to provide formal administrative hearings to provide specific sanctions by the family court for truancy.

A concerned individual testified in support of this bill. The Department of Education provided comments. The Office of the Public Defender and a concerned individual opposed the measure.

Your Committee finds that truancy is a problem that is currently addressed by administrative pre-court intervention programs and by family court sanctions. This measure is not intended to replace the administrative pre-court intervention programs that may at times appear slow to address truancy. This measure complements the available Department of Education pre-court remedies by providing for sanctions by an administrative officer. This bill also provides the family court with the new sanction of driver's license suspension.

Your Committee has amended this bill by:

- (1) Limiting the possible administrative sanctions for persons responsible for a truant child to:
 - (a) Performing up to 50 hours of community service work at the child's school; and
 - (b) Attending appropriate classes and programs;
- (2) Limiting the possible administrative sanctions for truant children to:
 - (a) Requiring up to 50 hours of detention; and
 - (b) Prohibiting up to 50 days of co-curricular activities;
- (3) Allowing a truancy action to be brought in family court without first exhausting administrative remedies;
- (4) Limiting the family court sanction of suspension of a truant's driver's license to 50 days; and
- (5) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 277, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 277, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Herkes, Ito, M. Oshiro, Sonson and Souki.

SCRep. 605 Judiciary on H.B. No. 1276

The purpose of this bill is to transfer from the Office of Elections to the Legislature, the responsibility for publishing proposed constitutional amendments in the newspaper.

The League of Women Voters of Hawaii testified in support of the intent of this bill.

Your Committee deems it appropriate for legislative staff to oversee publication of proposed constitutional amendments.

Your Committee has amended this measure by:

- (1) Explicitly assigning this responsibility to the Legislature; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1276, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1276, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Kanoho, Souki, Pendleton and Thielen.

SCRep. 606 Finance on H.B. No. 1307

The purpose of this bill is to appropriate \$10,000,000 for fiscal year 2002-2003 and \$10,000,000 for fiscal year 2003-2004 from the general revenues of the State for the Office of Hawaiian Affairs (OHA) as interim compensation for the loss of income from revenues derived by the State from lands in the public trust.

The Department of the Attorney General and OHA supported this bill.

Your Committee has amended this bill by:

- (1) Appropriating:
 - (A) \$2,041,852 from the general revenues of the State;
 - (B) \$21,313 from the Parking Control Revolving Fund;
 - (C) \$46,211 from the Agricultural Parks Special Fund;
 - (D) \$38,201 from the State Educational Facilities Improvement Special Fund;
 - (E) \$108,322 from the Foreign-Trade Zones Special Fund;
 - (F) \$132,568 from the Natural Energy Laboratory of Hawaii Authority Special Fund;
 - (G) \$945 from the Hawaii Community Development Revolving Fund;
 - (H) \$975,801 from the Boating Special Fund;
 - (I) \$139,056 from the Special Land and Development Fund;
 - (J) \$18,467 from the Na Ala Hele Special Fund;
 - (K) \$456,124 from the State Parks Special Fund;
 - (L) \$5,509,560 from the Harbor Special Fund;
 - (M) \$28,068 from the Beach Restoration Special Fund; and
 - (N) \$37,388 from the Water Resource Management Fund;

- (2) Noting that the Governor recommends immediate passage of this Act;
- (3) Amending the purpose section to reflect the substantive changes made to the bill; and
- (4) Making the appropriations for fiscal year 2002-2003 only.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1307, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1307, H.D. 1.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Nakasone, Nishimoto, Shimabukuro, Bukoski and Meyer.

SCRep. 607 Consumer Protection and Commerce/Judiciary on H.B. No. 1117

The purpose of this bill is to restore the word "threefold" in section 480-14, Hawaii Revised Statutes (HRS), which term refers to the damages that may be secured in class actions brought by the State for violations of the law prohibiting unfair methods of competition or unfair or deceptive acts or practices in the conduct of any trade or commerce.

Testimony in support of this bill was submitted by the Department of the Attorney General (AG). An individual supported the bill, but suggested that it be amended.

Your Committees find that section 480-14, HRS, was amended in 2002 in Act 229, Session Laws of Hawaii 2002 (Act 229). Act 229 allowed indirect purchasers to bring private class actions against manufacturers for price fixing in violation of the antitrust provisions of chapter 480, HRS, and also allowed the AG to intervene in, and proceed with the action on behalf of the class. Your Committees find that when Act 229 amended section 480-14, HRS, it inadvertently omitted the word "threefold" from the language of the existing statute.

This bill proposes to restore the word "threefold" to indicate the extent of damages that may be secured from violators of antitrust laws in a class action brought by the AG on behalf of indirect purchasers.

As suggested by the AG, your Committees have amended this bill to provide consistency with other portions of the law by deleting the word "compensatory," which modifies to the term "damages."

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1117, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.

SCRep. 608 Consumer Protection and Commerce/Judiciary on H.B. No. 1258

The purpose of this bill is to protect motor vehicle dealer franchises from coercive, unfair, and discriminatory practices by manufacturers and distributors of motor vehicles.

The Motor Vehicle Industry Licensing Board testified in support of this bill. The Hawaii Automobile Dealers Association, Shelly Eurocars, Inc., TheoDavies Euromotors, Tony Group, Ltd., Midpac Auto Center, and many franchised new car dealers testified in support of this bill. The Department of Commerce and Consumer Affairs testified in support of the intent of this bill and offered numerous amendments. Ford Motor Company provided comments.

Your Committees find that motor vehicle manufacturers and distributors were once licensed under the Motor Vehicle Licensing Act and subject to penalties and license suspension, revocation, or denial, if they engaged in coercive, unfair, or discriminatory practices against dealers. These provisions of the law were removed in 1996.

This bill proposes to restore the licensing of motor vehicle manufacturers and distributors and prohibitions against coercive, unfair, and discriminatory practices by these entities, which include:

- (1) Unfair termination of motor vehicle franchise agreements;
- (2) Threatening to cancel a franchise agreement or to franchise a competing franchisee in the same sales area;
- (3) Requiring a franchisee to order unwanted vehicles;
- (4) Intentionally delaying delivery of vehicles;
- (5) Overcharging particular dealers for vehicles, parts, accessories and services; and
- (6) Failing to adequately and fairly compensate a dealer for labor, parts, and other expenses incurred in honoring the manufacturer's new car warranty promises.

Your Committees find that passage of this bill will bring Hawaii into the overwhelming majority of states that maintain motor vehicle franchise protection laws for their locally owned businesses. Your Committees believe that this bill will protect the investments of local motor vehicle dealers in their franchises, and shield customers from inflated new motor vehicle costs.

Your Committees have amended this bill by:

- (1) Changing its effective date to July 1, 2050, in order to provide for additional dialogue among concerned individuals and entities; and
- (2) Making many technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1258, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1258, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro, Sonson, Finnegan and Stonebraker.

SCRep. 609 Consumer Protection and Commerce/Judiciary on H.B. No. 1471

The purpose of this bill is to remove time share properties from the Land Court System.

Testimony in support of this measure was submitted by SVO Pacific, Inc., Hawaii Escrow & Title, Inc. and Island Title. Numerous concerned citizens testified in opposition to this measure. The Hawaii State Judiciary offered comments on this measure.

Your Committees have determined that current Land Court procedures were not designed for time share ownership and fail to accommodate the interests of time share owners and developers.

For example, under the Land Court procedures, each owner in a condominium time share project holds a certificate of title establishing their ownership. When the condominium declaration is amended, the Land Court requires that this amendment be noted on each certificate of title. In the event of an amendment to the condominium declaration, a list showing certificate of title numbers for all owners in the project must be submitted to Land Court. This requires a title search for the thousands of owners in the project, which cannot be completed before additional sales and resales of time shares in the project have taken place, rendering the list inaccurate.

In addition, in some fee simple time share projects, the buyer receives an undivided ownership interest in, and is a co-owner of the whole project. There may be perhaps as many as 50,000 co-owners of the land once the project is completed. Under current law, if a co-owner conveys their interest in the property, the existing certificate of title must be cancelled and a new one issued. Since time share sales take place daily, new certificates of title must be re-issued daily in these types of projects.

Condominium phasing also presents a problem when Land Court title procedures are applied. Since purchasers of a project own an undivided interest in the common elements, these interests must be redistributed when the second phase of the project is sold. For example, to redistribute the common interests of a condominium with 200 units in its first phase, and 300 in its second, involves recording 200 deeds to the developer, and then 200 new deeds to the existing owners and another 300 deeds to the new owners. Placed in the context of a time share plan, where there may be tens of thousands of owners, the cost of recording these deeds could easily run into the hundreds of thousands of dollars.

Your Committees find that this bill seeks to resolve these problems. It allows property developers to perform all necessary amendments and notices outside of Land Court requirements and would offer a less expensive and more appropriate title recording process. In addition, the bill would benefit title and escrow companies by making the processing of time share transactions less time-consuming and complicated. Your Committees believe that these cost reductions would ultimately flow to, and benefit time share purchasers, as well as the time share tourism industry in Hawaii.

Your Committees have amended this bill by:

- (1) Changing its effective date to July 1, 2050, to allow further discussion of this matter; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1471, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1471, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro, Sonson, Finnegan and Stonebraker.

SCRep. 610 Consumer Protection and Commerce on H.B. No. 1339

The purpose of this bill is to:

- (1) Extend from December 31, 2003, to December 31, 2004, the sunset date of Act 39, Session Laws of Hawaii 2000 (Act 39), which allows a condominium association to, under certain circumstances, make a special assessment for delinquent common expenses against persons who purchase the delinquent apartment at foreclosure; and
- (2) Allow a "subsequent purchaser" to receive, at no charge from the association, notice of the association's intent to claim a lien for unpaid common expenses. This replaces the requirement that the association file a notice of lien against an apartment for delinquent common expenses before the apartment is purchased by a subsequent purchaser and before the association may charge those expenses to the subsequent purchaser, who is a person who acquires title from someone who purchased the delinquent apartment through foreclosure.

Mortgage Bankers Association of Hawaii testified in support of this bill. Testimony in support of this bill with a suggested amendment was submitted by Hawaii Council of Associations of Apartment Owners, Community Associations Institute, Hawaii Independent Condominium and Cooperative Owners, Yacht Harbor Towers, Hawaii Financial Services Association, Hawaii Bankers Association, and Makakilo Hale I.

Your Committee finds that the AOA and mortgage lenders have made progress in resolving disputes regarding recovery of delinquent maintenance fees left outstanding due to foreclosure of the delinquent unit. Resolution began with the passing of Act 39, which allowed a condominium association to collect up to six months of maintenance fees up to a maximum of \$1800, in the foreclosure of an apartment.

Your Committee believes that elimination of the requirement to record the notice of lien, which was contained in Act 39, and instead require only a notice of assessments owed, will save time and expense in the filing and releasing of a recorded lien.

Finally, your Committee has amended this bill to extend the sunset date of Act 39 to 2007. As received, this bill extended the date to December 31, 2004. However, the consensus of most of those who testified in support of this measure was that the sunset date should be extended, instead, to December 31, 2007. Given the current economy and the fact that attempts to collect delinquent maintenance fees under the Act have not been regularly resulting in the recovery of these fees, your Committee believes extension of the date to the year 2007 is reasonable.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1339, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, M. Oshiro, Souki and Stonebraker.

SCRep. 611 Consumer Protection and Commerce on H.B. No. 96

The purpose of this bill is to prohibit the use of telephone directory advertising revenues of an organization, trade, or business, owned or controlled by the same entity that owns or controls a telecommunications carrier, to establish regulated rates or charges for that telecommunications carrier.

Testimony in support of this bill was submitted by Verizon Hawaii. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (DCCA) and the Public Utilities Commission (PUC) opposed this bill.

Your Committee recognizes that currently, non-rate regulated competitive telephone directory advertising revenues may be used to establish rates or charges for rate regulated services. This process may work against creating a strong, competitive marketplace for Hawaii's non-rate regulated services.

This bill aims to ensure a fair and competitive marketplace, by clearly differentiating between non-rate regulated services and rate regulated services. With this distinction in place, non-rate regulated services will be able to operate in the competitive telephone directory marketplace without portions of their revenue being used to subsidize affiliated rate regulated services. Also, because this bill requires rate regulated services to operate without such subsidies, each service will need to develop an infrastructure that is economically feasible, cost efficient, and reliable. This would ultimately result in reliable and cost efficient services to the residents and businesses of Hawaii.

Your Committee is aware of concerns voiced by DCCA and the PUC. Both parties believe PUC should continue to have the discretion to recognize any directory advertising revenues in determining a regulated telecommunications provider's revenue, and to determine the impact these revenues should have on regulated service rates. Therefore, to facilitate further discussion on this matter, your Committee has amended this measure by changing the effective date to July 1, 2050.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 96, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 96, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.

SCRep. 612 Consumer Protection and Commerce on H.B. No. 593

The purpose of this bill is to assign the encroachment tolerance of the classified property to the encroaching unclassified property, when the unclassified property is owned or leased in common by an owner's association.

Testimony in support of this measure was submitted by a concerned individual.

Your Committee finds that sometimes walls, rooflines, or other structures on one property intrude onto a neighboring property. The law provides some flexibility in these situations, by allowing these encroaching structures to remain in place so long as they do not intrude more than a "de minimus" amount into the next property. The number of feet set by law for these de minimus structure position discrepancies (DSPDs) is set according to the type of property that the structure is on. For example, if the property is commercial, then structures on that property may encroach, or intrude on the neighboring property up to .25 feet. If the property is residential, the DSPD is no more than .5 feet.

Your Committee finds that there are instances where the character of certain properties, in particular lots owned or leased by condominiums and other types of owners' associations, are not readily determinable, making it difficult to ascertain which tolerance applies. This bill attempts to assist these associations and their neighbors to avoid litigation by providing that the DSPD that applies to that difficult-to-classify association property, is the DSPD that applies to the neighboring property.

It is your Committee's understanding that the interested parties are currently working on a compromise amenable to all involved. Accordingly, your Committee has amended this measure by changing the effective date to July 1, 2050, to allow for further discussion of this matter.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 593, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 593, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.

SCRep. 613 Consumer Protection and Commerce on H.B. No. 595

The purpose of this bill is to:

- (1) Lengthen the time check cashers may defer check deposits from 31 to 32 days;
- (2) Increase the maximum fee for personal check deferred deposits from 15 to 20 percent;
- (3) Authorize concurrent, multiple transactions with one customer where checks aggregate \$600 or less; and
- (4) Increase the fee allowed for dishonored checks from \$20 to \$25.

Testimony in support of this bill was submitted by Cash In Advance, Inc., and Kama'aina Loan. The Department of Commerce and Consumer Affairs (DCCA) offered several comments.

Your Committee finds that, currently, out-of-state check cashers have an unfair advantage over their Hawaii counterparts. This is in large part because out-of-state companies are engaging in interstate commerce in Hawaii, and thus under the commerce clause of the federal constitution they are immune to regulation under Hawaii's laws.

Your Committee believes that efforts should be made to level the playing field for Hawaii's check cashers. Your Committee concludes that extending the allowable check deferral period from 31 to 32 days, and increasing the maximum face value of a check cashed, from \$300 to \$600, are reasonable steps in that direction.

However, as highlighted by DCCA, your Committee has concerns relating to increasing the maximum fee for personal check deferred deposits from 15 to 20 percent and raising the dishonored check fee from \$20 to \$25. Your Committee feels the former will further burden consumers, whereas the latter will create an inconsistency with the Uniform Commercial Code. Accordingly, your Committee has amended this measure by deleting those sections.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 595, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho and M. Oshiro.

SCRep. 614 Consumer Protection and Commerce on H.B. No. 139

The purpose of this bill is to allow for the payment and receipt of commissions that may be related to, but do not directly correspond to the sale of collision damage waivers for rental vehicles.

Testimony in support of this bill was received from Catrala-Hawaii, the Hertz Corporation, Avis Rent a Car, Dollar Rent a Car and Word of Mouth Rent a Car. The Department of Commerce and Consumer Affairs (DCCA) offered comments.

Your Committee has determined that the motor vehicle rental industry should no longer be singled out by a law that bars any and all commissions in any way associated with the sale of collision damage waivers. Your Committee believes the legitimate interests of business and consumers may both be accommodated by a more limited law that prohibits only commissions based solely on the sale of collision damage waivers.

In addition, your Committee finds that this bill will, in combination with the disclosure law, provide consumers with ample protection against abuse in the sale of collision damage waivers.

Your Committee recognizes the concerns expressed by DCCA. It is not certain what the impact this bill will have on the existing ban on all commissions on the sale of collision damage waivers. In addition, ambiguity regarding what is meant by direct versus indirect commissions may impede meaningful enforcement.

Accordingly, your Committee has amended this bill by changing the effective date to July 1, 2050, to facilitate further discussions.

A technical, nonsubstantive amendment has also been made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 139, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 139, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.
(Representative Thielen voted no.)

SCRep. 615 Consumer Protection and Commerce on H.B. No. 140

The purpose of this measure is to clarify how diminution in value of a damaged vehicle may be determined under the Motor Vehicle Rental Industry Act.

Testimony in support of this bill and suggesting an amendment was received from Catrala-Hawaii, the Hertz Corporation, Word of Mouth Rent a Car, Avis Rent a Car and Dollar Rent a Car. Testimony in opposition of this bill was received from the Department of Commerce and Consumer Affairs, State Farm Insurance Companies and the Hawaii Insurers Council.

Your Committee recognizes that diminution in value of a vehicle that is not repaired and not declared a total loss is difficult to quantify and extremely subjective. Although this measure attempts to clarify how the diminution in value of a damaged rental vehicle may be determined, your Committee recognizes that an auction may not be the best way to determine the value of the vehicle after an incident. In addition, this bill does not define the term "blue book," making it unclear how the value of the vehicle prior to the incident will be determined.

Your Committee has amended this bill by changing its effective date to July 1, 2050, to facilitate further discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 140, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 140, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.
(Representatives Marumoto and Stonebraker voted no.)

SCRep. 616 Consumer Protection and Commerce on H.B. No. 504

The purpose of this bill is to contain costs of force-placed insurance, which the seller or lender in a credit sales contract purchases to protect their interest in the item sold under the contract when the buyer fails to maintain insurance coverage on the item. This bill requires the seller or lender to exercise the same level of care and diligence as the buyer when purchasing force-placed insurance.

A concerned individual provided testimony in support of this bill. The Hawaii Bankers Association and the Mortgage Bankers Association of Hawaii submitted testimony opposing this bill. The Department of Commerce and Consumer Affairs Insurance Division offered comments on the bill.

Your Committee finds that when a seller or lender force-places insurance on an item purchased under a credit sales contract, they do so because the buyer has failed to meet the contractual obligation to maintain insurance coverage on the item. The seller or lender thus protects its interest in the item by purchasing insurance, while the buyer under the terms of the contract must pay the premiums for that force-placed insurance.

Your Committee finds that the circumstances under which insurance is force-placed provide the seller or lender with no incentive to look for a reasonably priced insurance policy. In addition, in some cases insurers provide payments to encourage lenders to select their policies, and these payments are paid for by the force-placed buyer.

Your Committee believes that a seller or lender should be expected to exercise the same diligence as the buyer when pricing force-placed insurance, and should be required to find a policy that is reasonable, relative to the rate the buyer can obtain for comparable coverage.

Your Committee has amended this bill by:

- (1) Limiting its scope from all forms of secured lending to automobile loans, which involve the majority of consumer problems with force-placed insurance;
- (2) Providing that the rates charged to the buyers for a force-placed policy shall not exceed 110 per cent of the rate the buyer can obtain for coverage of the insurable interest, rather than the rate formerly paid by the buyer under the lapsed policy, which may be outdated by the time a policy is force-placed;
- (3) Defining "force-placed insurance" and "rule of 78," which are terms that are not universally understood;
- (4) Removing the provisions of this bill from the Insurance Code because it is unclear whether sellers or lenders, by purchasing force-placed insurance, are engaging in the business of insurance. Instead, the proposed law has been placed in chapter 480, Hawaii Revised Statutes, which prohibits unfair and deceptive trade practices;
- (5) Changing the effective date to July 1, 2050, to allow further discussion of the bill; and
- (6) Making numerous other technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 504, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.

SCRep. 617 Consumer Protection and Commerce on H.B. No. 1470

The purpose of this bill is to:

- (1) Narrow the required written disclosure of terms and conditions attached to a prize or gift used as a time share presentation attendance incentive, by specifying that only material terms and conditions need be disclosed;
- (2) Clarify that the prohibition on receiving money or property from prospective buyers prior to signing a time share purchase contract does not apply to money paid for a tourist activity, or a product or service;
- (3) Replace existing signage requirements for time share booths with those allowing the use of artwork and other design elements, and exempting time share booths located within a project that is the subject of the time share plan, or within a hotel; and
- (4) Remove signs and banners from the promotional literature that must contain a disclosure that the product or activity involves a timeshare.

SVO Pacific, Inc., offered testimony in support of this bill. Pahio Resorts supported the bill and suggested an amendment. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee understands that many of the current timeshare requirements regarding promotional literature and signage are ambiguous, and have not been enforced. Your Committee believes that clarifying these requirements will allow and encourage more timeshare booths to comply with the law.

Your Committee also recognizes that the existing prohibition against accepting money from potential buyers may be interpreted to prohibit the developer from accepting money paid for a tourist activity offered to induce attendance at a time share presentation. Your Committee believes this is not the intent of the prohibition, and that the amendment made by this bill resolves the issue.

Your Committee finds that further changes should be made to accomplish the bill's purpose, and has accordingly amended the bill by:

- (1) Further narrowing the prize or gift disclosure requirements to require continued disclosure of the time share project, type of membership, and ranges of available interests for sale, and remove disclosure of ownership exchange privileges and limitations;
- (2) Adding that letters on signage be at least two inches tall, and deleting from signage content requirements, references to the terms "interval ownership" and "vacation ownership;"
- (3) Confining the signage exemption for booths located in hotels, to those hotels that are owned or operated by the developer or an affiliate of the developer of the time share plan; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1470, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1470, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro and Souki.

SCRep. 618 Human Services and Housing on H.B. No. 1671

The purpose of this bill is to amend the definition of "assisted living facility" by:

- (1) Specifying that personalized supportive services be owned by the facility; and
- (2) Excluding a privately-owned, single-family home or condominium.

The Hawaii Association of Certified Nurses Aides, Hawaii Independent Condominium and Cooperative Owners, Hawaii Council of Associations of Apartment Owners, and many concerned individuals testified in support of this measure. Assisted Living Options Hawaii supported the intent of this measure. The Hawaii Long Term Care Association and several concerned individuals opposed this measure.

Your Committee finds that some condominiums were initially developed for seniors offering a menu of services on a "pay for services provided" basis. Many of the residents in these condominiums are able to care for themselves, but wish to "age in place" and may require a few services to assist with living.

However, some of these condominiums were recently licensed by the Department of Health (DOH) as "assisted living facilities." Residents of these condominiums claim that this new classification has driven up maintenance costs. One testifier claimed that 100 percent of the residents are now paying for services for less than 20 percent of the residents.

Your Committee notes that this measure will only assist private facilities. A testifier noted that discussions are currently in progress with regard to public facilities, and laws or rules will be drafted in the future to remedy this situation.

Your Committee recognizes that this matter will not be resolved immediately and that this measure is a work-in-progress that needs to receive further discussion. Services need to be available to the residents of these condominiums, but not necessarily at the "assisted living facility" level. Many of the residents are on fixed incomes and cannot afford to pay the increasing costs required by the condominium's status as an assisted living facility.

Furthermore, testimony was received that once a residence becomes an assisted living facility, it becomes extremely difficult to conduct financial or real-estate-related transactions with the property. Many of the residents of the condominiums that have been converted to assisted living facilities initially bought the property not only because of the services and amenities, but also as an investment.

Your Committee strongly believes that further discussion on this measure is needed; however, something needs to be done immediately to assist the residents of these condominiums. The financial burden that many of them are experiencing due to the conversion of their condominium units to assisted living facilities needs to be alleviated.

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

- (1) Deleting reference to single-family homes; and
- (2) Requiring that 75 percent of the residents must agree that the facility provide services that would permit DOH to designate it an assisted living facility.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1671, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1671, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Nishimoto, Takai and Takumi.

SCRep. 619 Agriculture/Water, Land Use, and Hawaiian Affairs on H.B. No. 576

The purpose of this bill is to establish that the minimum lot size within an agricultural district shall be not less than three acres of contiguous land; provided that this requirement shall not apply to agricultural district subdivisions created prior to July 1, 2003.

The Office of Planning supported the bill. The Department of Agriculture and Hawaii Farm Bureau Federation supported the intent of the bill. The Hawaii Leeward Planning Conference opposed the bill. The State Land Use Commission offered comments.

Your Committees recognize the need to address problems and concerns, including fragmentation of agricultural land, resulting from the current minimum lot size requirement of one acre. Your Committees support increasing this requirement to three acres. However, your Committees note that this is better achieved through revisions to section 205-5, Hawaii Revised Statutes (HRS), instead of section 205-4.5, HRS.

While your Committees acknowledge that increased lot sizes will advance the characteristics of agriculturally zoned lands and promote, larger commercially successful agricultural endeavors, this must be balanced by the ability for small farmers to afford larger lots and the extent to which small farmers have succeeded on one or two acre parcels. Another factor that your Committees will continue to consider is that larger agricultural lots would be affordable for the affluent who would purchase such lands primarily for estate purposes and conduct minimal farming activity.

In addition, your Committees received testimony indicating that the bill as received by your Committees should be amended to provide clarification on the implementation of the provisions contained in the bill.

To this end, your Committees have amended this measure by:

- (1) Amending section 205-5, HRS, instead of 205-4.5, HRS;
- (2) Providing that the minimum lot size requirement of three acres of contiguous land shall apply to agricultural district subdivisions receiving final subdivision plan approval on or after July 1, 2003;
- (3) Providing that one acre shall remain the minimum lot size requirement for agricultural district subdivisions receiving final subdivision plan approval prior to July 1, 2003; and

- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water, Land Use, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 576, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 576, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Schatz, Tamayo, Ontai, Evans and Bukoski.

SCRep. 620 Consumer Protection and Commerce on H.B. No. 1594

The purpose of this bill is to:

- (1) Authorize nonprofit corporations to adopt amendments to their articles and bylaws to terminate, redeem, or cancel memberships;
- (2) Authorize members of nonprofit corporations to resign at any time; and
- (3) Authorize nonprofit corporations to indemnify officers and directors and to advance funds for reimbursement of expenses.

Testimony in support of this bill was submitted by Unity House, Inc.

Your Committee finds that currently, many nonprofit corporations face great difficulty in securing participation of its members in the governance of their operations. As a result, many nonprofit corporations expend a significant amount of their resources just to acquire the proxy votes needed to execute their business affairs. This bill proposes to remedy this problem by providing nonprofit corporations with the option of terminating, canceling, or redeeming memberships, while also providing for voluntary member resignation.

However, your Committee finds that allowing for voluntary membership resignation would negatively impact condominium and planned community associations (associations), of which many are organized as nonprofit corporations. Your Committee fears this provision would lead to litigation between associations and its members that do not wish to pay their fair share of incurred costs.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the provision allowing for voluntary member resignation;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion of this matter; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1594, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1594, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho and M. Oshiro.

SCRep. 621 Consumer Protection and Commerce on H.B. No. 218

The purpose of this bill is to clarify that motor vehicle fleet leasing contracts that contain terminable rental adjustment clause (TRAC) provisions are true leases which do not establish a sale of the vehicle or create a security interest in the vehicle.

The Hawaii Bankers Association submitted testimony in support of this measure

Your Committee finds that TRAC motor vehicle leases involve the leasing of commercial fleets of vehicles by one business to another. The TRAC provision permits the lease rent to be adjusted upward or downward to compensate for any difference between the projected value of a vehicle at the time of contract, and the actual value upon termination of the lease. The objective of the TRAC provision is to provide an incentive for the lessee to keep the leased vehicles in good repair.

When a TRAC lease is viewed as a true lease and not a sales or security interest, a trustee in bankruptcy pays the lessor full rental payments for the use of the vehicles, and the lessor is able to recover the vehicles from the trustee and re-lease them.

Your Committee finds that without a law like the one proposed by this bill, uncertainties exist when it comes to court recognition of the true lease status of TRAC vehicle leases. So far, 40 states and the District of Columbia have enacted legislation toward the objective of clarifying the status of a TRAC lease and minimizing unnecessary litigation.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 218 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Chang, Ito, Kanoho and M. Oshiro.

SCRep. 622 Consumer Protection and Commerce on H.B. No. 604

The purpose of this bill is to include solar generated energy production as a permissible use within the agricultural districts.

Testimony in support of this bill was submitted by the Department of Business, Economic Development, and Tourism (DBEDT) Office of Planning, Land Use Commission, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company.

Your Committee notes that encouraging the use of renewable energy may address concerns regarding Hawaii's reliance on fossil fuels. This bill would make it easier for solar energy production to be conducted on agricultural lands by eliminating the need

for a special permit for that use. Furthermore, your Committee finds that this bill is consistent with existing statutes which permit wind machines and wind farms on agricultural lands, and that the establishment of solar energy facilities on agricultural lands would not necessarily preclude the return of lands to agricultural uses, should the need arise.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 604 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro and Souki.

SCRep. 623 Consumer Protection and Commerce on H.B. No. 730

The purpose of this bill is to:

- (1) Require an Auditor's report on the regulation of occupational therapists to be submitted prior to the 2007 legislature;
- (2) Remove references to regulation of occupational therapy assistants from chapter 457G, Hawaii Revised Statutes (HRS); and
- (3) Repeal temporary permit provisions of chapter 457G, HRS, that allow an individual who has met educational and supervised field work experience requirements but has not yet passed the national certification exam, to provide occupational therapy services under the direct supervision of a registered occupational therapist; and
- (4) Repeal the definition of "direct supervision."

The Department of Education, Hawaii Medical Services Association, Hawaii Chapter-American Physical Therapy Association, and numerous individuals supported this bill. The Occupational Therapy Association of Hawaii and several individuals supported the bill and offered amendments. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that while there has been no current documentation of harm done to the consumer, regulation of professional competency and ethical conduct of occupational therapists may have had a preventive effect. Your Committee believes that continued regulation of occupational therapists serves to safeguard the public's health, safety, welfare, and assure consumers that they are receiving services from a qualified individual.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 730 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro and Souki.

SCRep. 624 Consumer Protection and Commerce on H.B. No. 731

The purpose of this bill is to include services provided by occupational therapists and occupational therapist assistants under the worker's compensation law. Specifically, this bill:

- (1) Amends the definitions of "medical care," "medical services," and medical supplies" in the workers' compensation law to include occupational therapists and certified occupational therapist assistants among the health care providers eligible for compensation under the law; and
- (2) Replaces the term "masseur" used within those definitions with "licensed massage therapist," to reflect the current terminology under chapter 452, Hawaii Revised Statutes (HRS), for these professionals.

Queen's Medical Center Occupational Therapy Department, Neuroscience Department of the Kaiser Permanente Medical Care Program - Hawaii Region, Hawaii Chapter American Physical Therapy Association, Healthcare Association of Hawaii, Massage Therapists Association, Mestizo Association, and many concerned individuals testified in support of this bill. The Department of Labor and Industrial Relations testified in opposition to this bill.

Your Committee finds that health care services under the Worker's Compensation Law are presently limited to services rendered by physicians, surgeons, dispensing opticians, physical therapists, physical therapist assistants, nurses, advance practice registered nurses, and masseurs.

Your Committee further finds that the services of occupational therapists and their assistants are invaluable for many persons who are suffering from work-related injuries, yet they are not included among the health care providers whose services are compensable under the present worker's compensation statute.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 731, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro and Souki.

SCRep. 625 Consumer Protection and Commerce on H.B. No. 123

The purpose of this bill is to increase timely access to emergency contraception by allowing pharmacists to dispense emergency contraceptives in accordance with approved procedures and protocols developed by a pharmacist and physician.

The Board of Pharmacy, Board of Medical Examiners, Hawaii State Commission on the Status of Women, Hawaii Medical Association, Hawaii Medical Service Association, American Civil Liberties Union of Hawaii, Kaiser Permanente, Healthy Mothers, Healthy Babies Coalition of Hawaii, Community Clinic of Maui, Shoreview Pharmacy, Planned Parenthood of Hawaii, and several physicians and pharmacists submitted testimony in support of this bill. The Department of Health provided testimony in support of the intent of this bill.

Your Committee finds that the Food and Drug Administration approved emergency contraception products in 1998 and 1999 based on data that showed these products to be very safe and effective. Currently, emergency contraception may be obtained

over the counter without a prescription in England, France, Denmark, Sweden, Belgium, Alaska, California, and Washington. Your Committee finds that following approval of legislation enabling over-the-counter dispensing in Washington, the state experienced a significant savings of \$22,000,000 in Medicaid expenditures over a six-year period for families in the Temporary Assistance to Needy Families Program.

Your Committee finds that emergency contraception reduces a woman's risk of pregnancy if taken within 72 hours of unprotected sex. However, emergency contraception is more effective when taken within 24 hours after unprotected sex, and the ability to obtain a prescription within that time period is of critical importance.

In Hawaii, where emergency contraception is only available through a physician, this option is often unavailable to women during the evenings or weekends when access to emergency contraceptives is most important. Furthermore, a recent study revealed extremely limited availability of emergency contraception in Hawaii by way of traditional points of access, such as emergency rooms, private physician offices, ambulatory clinics, and pregnancy counseling center.

Your Committee finds that allowing pharmacists to dispense emergency contraception will increase quality of patient care, provide consumers with meaningful access to the time-sensitive option of emergency contraception, and potentially result in an overall reduction in health care costs.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 123, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro and Souki.

SCRep. 626 Judiciary on H.B. No. 192

The purpose of this measure is to:

- (1) Include "accreted lands" in the definition of "public lands;" and
- (2) Provide that accreted lands shall be state lands, except that private property owners may regain title to eroded land restored by accretion.

Life of the Land and numerous concerned citizens testified in support of this measure. The Office of Hawaiian Affairs supported the intent of this measure. The Office of Environmental Quality Control and Department of Land and Natural Resources commented on this measure.

Your Committee finds it crucial to protect public beaches from being transformed into private lands through the filing of accretion claims, except to restore to private ownership portions of private land removed by erosion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 192, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 627 Judiciary on H.B. No. 285

The purpose of this bill is to:

- (1) Require administrative rules (rules) to conform to related statutes;
- (2) Provide for the automatic repeal of rules that have been adopted pursuant to a statute or ordinance that is repealed; and
- (3) Modify the scope of the annual evaluation report by the Small Business Regulatory Review Board.

The Department of Human Resources Development, Chamber of Commerce of Hawaii, and Land Use Research Foundation testified in support of this bill. An individual testified in support of this bill with proposed amendments. The Department of Business, Economic Development, and Tourism commented on this bill.

Your Committee finds that this bill will improve government efficiency by ensuring consistency between rules and statutes and ordinances.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 285, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 628 Judiciary on H.B. No. 548

The purpose of the bill is to:

- (1) Extend until June 30, 2006, the sunset date of the Organ and Tissue Education Fee and the Hawaii Organ and Tissue Education Special Fund (Special Fund) that were enacted in Act 88, Session Laws of Hawaii 1999; and
- (2) Amend the reporting provisions of Act 88 requiring the Department of Health to submit to the Legislature a yearly report accounting for deposits and disbursements of the Special Fund.

The National Kidney Foundation of Hawaii, Transplant Association of Hawaii, Organ Donor Center of Hawaii, Hawaii Coalition on Donation, Minority Organ Tissue Transplant Education Program, and concerned individuals testified in support of this measure.

Your Committee finds that this measure will continue to stress the importance of organ donation by promoting public awareness.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 548, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 629 Finance on H.B. No. 1155

The purpose of this bill is to allow greater flexibility and reduce expenses to the State in providing annual notice to the public regarding unclaimed property.

The Department of Budget and Finance submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1155, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 630 Finance on H.B. No. 1163

The purpose of this bill is to allow the Insurance Commissioner to continue to monitor the solvency of dental service organizations by extending the sunset date of Act 132, Session Laws of Hawaii 2001, to July 1, 2004.

The Department of Commerce and Consumer Affairs supported this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1163 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 631 Finance on H.B. No. 1495

The purpose of this bill is to establish a new chapter that:

- (1) Provides crematory authority license requirements;
- (2) Establishes who shall have the right to serve as an authorizing agent for the decedent;
- (3) Prohibits a crematory authority from cremating human remains until it has received an authorization form signed by an authorizing agent;
- (4) Defines recordkeeping requirements for a crematory authority;
- (5) Establishes requirements for cremation containers, caskets, temporary containers and urns, and procedures for cremation and the disposition of cremated remains;
- (6) Provides immunity from civil liability for a funeral director or crematory authority that performs cremations in accordance with the chapter;
- (7) Creates civil liability for damage resulting from cremations where a pacemaker or hazardous implant has not been removed from human remains;
- (8) Provides criminal penalties for violation of the chapter; and
- (9) Outlines procedures to authorize, on a pre-need basis, one's own cremation and the final disposition of one's own cremated remains.

The Hawaii Funeral Directors Association and Dodo Mortuary, Inc., testified in support of this measure. The Department of Health and Department of Commerce and Consumer Affairs commented on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1495, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 632 Finance on H.B. No. 485

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$5,000,000 to assist Hanahau'oli School in financing the construction and improvement of its educational facilities.

Hanahau'oli School, the Hawaii Association of Independent Schools, and Hawaii Business Roundtable supported this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 485 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 633 Finance on H.B. No. 488

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$15,000,000 to assist Mid-Pacific Institute in financing the construction and improvement of its educational facilities.

Mid-Pacific Institute and the Hawaii Association of Independent Schools testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 488 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 634 Finance on H.B. No. 939

The purpose of this bill is to enable Hoala School to provide a better educational environment for its students by authorizing the issuance of special purpose revenue bonds in an amount not to exceed \$5,000,000 to finance infrastructure improvements.

Hoala School, the Hawaii Association of Independent Schools, and many parents and employees testified in support of this measure.

Located in Wahiawa, Oahu, Hoala School is an independent, non-sectarian school (K-12) with 131 students and 20 teachers and staff that serves the North Shore as well as Central and Leeward Oahu. The requested financing will help Hoala School to develop a master plan as well as construct classrooms, an art center, and offices.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 939 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 635 Finance on H.B. No. 1362

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$7,000,000 to assist St. Patrick School in financing the construction and improvement of its educational facilities.

St. Patrick School and the Hawaii Association of Independent Schools testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1362 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 636 Finance on H.B. No. 744

The purpose of this bill is to protect Hawaii's water supply from contamination by methyl tertiary-butyl ether (MTBE) by:

- (1) Prohibiting the intentional addition of MTBE to gasoline, motor fuel, or clean fuel produced for sale or use in Hawaii after December 31, 2003;
- (2) Limiting allowed trace levels of MTBE to 0.05 percent in these products after December 31, 2003; and
- (3) Imposing a fine for any violations.

The Department of Health and Life of the Land submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism and Aloha Petroleum, Ltd., submitted testimony in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 744, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 637 Finance on H.B. No. 1405

The purpose of this bill is to provide an incentive for the State and counties to use alternative fuels by establishing a preference in state contracts for the use of biofuels.

Pacific Biodiesel, Inc., and Hawaii Renewable Energy Alliance testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1405, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 638 Finance on H.B. No. 320

The purpose of this bill is to establish a special fund for the University of Hawaii (UH) Risk Management Program and authorize UH to indemnify certain individuals or entities in certain circumstances.

UH and a concerned individual testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 320, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 639 Finance on H.B. No. 1564

The purpose of this bill is to authorize the issuance of special purpose revenue bonds for the benefit of Chaminade University.

Chaminade University and Hawaii Association of Independent Schools submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1564 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 640 Finance on H.B. No. 436

The purpose of this bill is to appropriate funds to the Department of Health (DOH) to provide a second ambulance unit to serve the Waianae Coast.

American Medical Response, the Emergency Medical Services Department of the City and County of Honolulu, Honolulu Paramedic Association, American Heart Association, the City Councilmember for Council District 1, and several concerned citizens testified in support of this measure. DOH testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 436 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro, Jernigan and Meyer.

SCRep. 641 Finance on H.B. No. 122

The purpose of this bill is to ensure early and continuous prenatal care by requiring the Department of Human Services (DHS) to presume that a pregnant woman who applies for Medicaid or QUEST coverage for prenatal care or other medical services related to the pregnancy is eligible for coverage.

Mothers Care for Tomorrow's Children, Kapiolani Medical Center for Women and Children, Healthy Mothers, Healthy Babies Coalition of Hawaii, and several individuals testified in support of this measure. The Hawaii Primary Care Association and AlohaCare testified in support of the intent of this measure. DHS opposed this measure. The Hawaii Medical Services Association commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 122 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.

SCRep. 642 Finance on H.B. No. 657

The purpose of this bill is to appropriate funds to enable the Korean War Commission to hold various ceremonies and events to commemorate the fiftieth anniversary of the end of the Korean War.

The Department of Defense-Office of Veterans Services, Chamber of Commerce of Hawaii, Disabled American Veterans, Oahu Veterans Council, 5th Regimental Combat Team, Korean War Veterans, Hawaii, Korean War Veterans Association, Maui No Ka Oi, Chapter 282, Maui, Korean War Veterans Association, Hawaii Chapter #1, Aloha Chapter of the Chosin Few, Inc., Society of Military Widows, American Ex-Prisoners of War, Hawaii Chapter, and several concerned citizens testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 657, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 643 Finance on H.B. No. 754

The purpose of this bill is to allow any federal, state, or county election other than a regularly scheduled primary or general election to be conducted by mail.

The Office of Elections, Disability and Communications Access Board, League of Women Voters of Hawaii, American Civil Liberties Union of Hawaii, Hawaii Pro Democracy Initiative, a concerned City Councilmember, and a concerned citizen testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 754 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 644 Finance on H.B. No. 813

The purpose of this bill is to clarify the Judiciary's authority to contract for professional services for counsel and guardian ad litem, pursuant to the Procurement Code and based upon reasonable rates of compensation.

The Judiciary submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 813 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ito, Kanoho, Marumoto and Pendleton.

SCRep. 645 Finance on H.B. No. 814

The purpose of this bill is to eliminate the requirement that the Judiciary provide a postage paid envelope for traffic infraction notices.

The Judiciary submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 814 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 646 Finance on H.B. No. 815

The purpose of this bill is to allow debit cards to be used to pay for costs, fees, bond forfeitures, and other charges that are due and owing to the courts, provided that bail postings and driver's license and vehicle registration clearances shall be paid by cash only. In addition, this bill allows the courts to pay a service fee for the use of a debit card service.

The Judiciary supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 815 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 647 Finance on H.B. No. 818

The purpose of this bill is to clarify that the respondent in an administrative driver's license revocation hearing must bear the cost of mileage fees for witnesses subpoenaed by the respondent.

The Judiciary and Honolulu Police Department submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 818, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 648 Finance on H.B. No. 1255

The purpose of this bill is to improve the administration of elections by appropriating funds for the Office of Elections (OE) to meet the five percent matching fund requirement of the federal Help America Vote Act of 2002.

OE, The League of Women Voters of Hawaii, and Hawaii Pro Democracy Initiative submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1255 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Representative Shimabukuro.

SCRep. 649 Finance on H.B. No. 509

The purpose of this bill is to provide substitute teachers of the Department of Education (DOE), including part-time employees working less than one-half of a full-time equivalent, with a means to share in the decision-making affecting their wages, employment benefits, and working conditions by:

- (1) Creating a collective bargaining unit for these employees; and
- (2) Giving these employees the right to strike.

The Laborers' International Union of North America, Local 368, AFL-CIO supported this measure. DOE and the Office of Collective Bargaining and Managed Competition opposed this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 509, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.

SCRep. 650 Finance on H.B. No. 1157

The purpose of this bill is to minimize the administrative processing of refunding contributions for employees excluded from Social Security.

The Employees' Retirement System Board of Trustees testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1157 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 651 Finance on H.B. No. 475

The purpose of this bill is to require the Auditor to conduct a management audit of the Public Utilities Commission (PUC).

Na Leo Pohai and an individual submitted testimony in support of this bill. PUC and the Hawaii Renewable Energy Alliance submitted testimony in support of the intent of this bill. The Consumer Advocate and Life of the Land submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 475 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 652 Finance on H.B. No. 659

The purpose of this bill is to transfer the responsibility for the sale and distribution of the House and Senate Journals to the House of Representatives and the Senate, respectively.

The Chief Clerk of the House of Representatives submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 659 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 653 Finance on H.B. No. 1277

The purpose of this bill is to propose an amendment to the State Constitution:

- (1) Allowing bills under consideration for passage by the Governor to be recalled through the adoption of a Concurrent Resolution in the Legislature; and
- (2) Providing that any bill recalled in this manner shall pass one additional reading in each house of the Legislature during the session in which it was recalled before being resubmitted to the Governor.

The Chief Clerk of the House of Representatives submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1277 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 654 Finance on H.B. No. 1630

The purpose of this bill is to appropriate funds for the adequate maintenance of veterans' cemeteries in Hawaii.

The Mayor of the County of Kauai, Department of Defense, Office of Veterans Services, a Kauai Councilmember, Disabled American Veterans, Oahu Veterans Council, and a concerned citizen testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1630, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 655 Finance on H.B. No. 1479

The purpose of this bill is to appropriate funds for the establishment of a National Korean War Museum in Hawaii, provided that funds from the federal government, South Korean government, Korean and United States corporations, and citizens from Hawaii and other states amount to \$2 for every \$1 of state funds.

The Chamber of Commerce of Hawaii supported this bill. The Department of Business, Economic Development, and Tourism and Office of Veterans Services supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1479, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 656 Finance on H.B. No. 53

The purpose of this bill is to provide flexibility to the Department of Transportation (DOT) to negotiate, under certain circumstances, the disposition of public land for maritime-related operations without regard to certain limitations imposed under the public land law.

DOT and the Chamber of Commerce of Hawaii – Maritime Committee testified in support of this measure. The Hawaii Government Employees Association testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 53 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 657 Finance on H.B. No. 58

The purpose of this bill is to exempt motor vehicle rental companies that periodically ship numerous vehicles between the islands or out of state from certain vehicle removal and shipping requirements.

Catrala-Hawaii, Dollar Rent A Car, ANC Rental Corporation, JN Truck and Car Rental, and Avis Rent A Car testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 58 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 658 Finance on H.B. No. 83

The purpose of this bill is to authorize the exchange of land between the Aloha Council of the Boy Scouts of America (Council) and the State.

The Department of Land and Natural Resources and the Council submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 83, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 659 Water, Land Use, and Hawaiian Affairs on H.C.R. No. 21

The purpose of this concurrent resolution is to:

- (1) Acknowledge the historical significance of the illegal overthrow of the Kingdom of Hawaii, which resulted in the suppression of the inherent sovereignty of the native Hawaiian people;
- (2) Recognize and commend efforts of reconciliation initiated by the United States of America and the United Church of Christ with native Hawaiians;
- (3) Express the State's apology to native Hawaiians for the overthrow of the Kingdom of Hawaii and the deprivation of the rights of native Hawaiians to self-determination;
- (4) Express the Legislature's commitment to acknowledge the ramifications of the overthrow of the Kingdom of Hawaii, in order to provide a proper foundation for reconciliation between the State and native Hawaiians; and
- (5) Urge the President of the United States to acknowledge the ramifications of the overthrow of the Kingdom of Hawaii and to promote reconciliation efforts between the United States and the native Hawaiian people.

A concerned individual submitted testimony in support of this resolution. The Office of Hawaiian Affairs and Association of Hawaiian Civic Clubs submitted testimony in support of this measure with recommended amendments. A concerned individual submitted testimony in opposition to this resolution. A concerned individual submitted comments on this measure.

Your Committee believes that this measure, expressing the Legislature's commitment to seeking reconciliation with the indigenous Hawaiian people, is imperative to continue the healing process between the indigenous Hawaiian people and the United States.

Your Committee has amended this measure by:

- (1) Replacing "native Hawaiians" with "indigenous Hawaiians", which more accurately describes the scope of the affected population, rather than the restrictive 50 percent blood quantum requirement of "native Hawaiians";
- (2) More accurately describing the Newlands Joint Resolution in the chronology of events after the overthrow of the Kingdom of Hawaii;
- (3) Substituting the apology of the State with the Legislature's expression of regret and aloha to the indigenous Hawaiian people for the overthrow and the deprivation of the rights of self-determination, inasmuch as your Committee does not deem the State responsible for those past actions;
- (4) Urging the President of the United States to promote reconciliation and to support federal recognition of a Hawaiian government; and
- (5) Transmitting a copy of this measure to the Speaker of the House and the Senate President of the United States Congress.

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

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 21, as amended herein, and recommends that it be referred to the Committee on Judiciary in the form attached hereto as H.C.R. No. 21, H.D. 1.

Signed by all members of the Committee except Representatives Evans and Thielen.

SCRep. 660 Finance on H.B. No. 620

The purpose of this bill is to appropriate funds for the Junior Reserve Officers' Training Corps program at Kealahou High School, to be matched by federal funds.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 620, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 661 Finance on H.B. No. 1176

The purpose of this bill is to authorize the issuance of general obligation bonds to finance statewide Department of Education (DOE) projects under the Qualified Zone Academy Bond Program.

DOE supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1176, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 662 Finance on H.B. No. 1164

The purpose of this bill is to conform the Hawaii Insurance Code and related statutes to the Producer Licensing laws of Act 216, Session Laws of Hawaii 2001. These revisions will update insurance licensing laws and provide uniformity and reciprocity with the laws of other states, as mandated by the federal Gramm-Leach-Bliley Act.

The Department of Commerce and Consumer Affairs, NAIFA Hawaii, and the Hawaii Independent Insurance Agents Association testified in support of this measure. The American Council of Life Insurers submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1164, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 663 Finance on H.B. No. 418

The purpose of this bill is to train additional new teachers to help reduce the State's current teacher shortage by appropriating an unspecified amount of funds to hire 23.5 instructors to provide teacher training at the University of Hawaii (UH) at Manoa and at Hilo.

UH, UH-Hilo, the Department of Education, Hawaii Teacher Standards Board, and Hawaii Business Roundtable testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 418, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 664 Finance on H.B. No. 638

The purpose of this bill is to support the Hawaii State Public Library System (HSPLS) by establishing a check-off box on tax returns to allow each taxpayer to contribute \$2 of the person's tax refund to the Libraries Special Fund.

The Board of Education, Department of Taxation, HSPLS, and a concerned citizen supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 638, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 665 Finance on H.B. No. 735

The purpose of this bill is to appropriate funds to the Department of Health (DOH) to provide sexual assault services.

The Hawaii State Commission on the Status of Women, City and County of Honolulu Department of the Prosecuting Attorney, Sex Abuse Treatment Center, Hawaii Coalition Against Sexual Assault, Community Alliance on Prisons, National Association of Social Workers, Kapiolani CARE Program, AlohaCare, Hawaii Medical Service Association, and several concerned individuals testified in support of this measure. DOH opposed this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 735, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 666 Finance on H.B. No. 314

The purpose of this bill is to appropriate funds to establish a mandatory basic training program for secondary school security guards, provided that this appropriation is added to the base budget request of the Department of Education (DOE).

A concerned citizen supported this bill. DOE and the Hawaii Government Employees' Association AFSCME Local 152 AFL-CIO supported the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 314, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 667 Finance on H.B. No. 704

The purpose of this bill is to require a pre-job conference between the state or county representatives, the prime contractor, and all subcontractors involved after a state construction contract is awarded to resolve any issues or problems that may arise before construction begins.

The Iron Workers Stabilization Fund testified in support of this measure. The Department of Accounting and General Services testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 704, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 668 Finance on H.B. No. 29

The purpose of this bill is to require employers to provide a meal break of at least 30 consecutive minutes for any employee who works eight continuous hours, unless a collective bargaining agreement applying to the employee contains a provision for employee meal breaks.

ILWU Local 142 and Hawaii State AFL-CIO submitted testimony in support of this bill. The Department of Human Resources Development and the Hawaii Civil Rights Commission submitted testimony in support of the intent of this bill. The Society for Human Resource Management-Hawaii Chapter and Covanta Energy Group submitted testimony in opposition to this bill. The Department of Labor and Industrial Relations and Oahu Transit Services, Inc., submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 29, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 669 Finance on H.B. No. 129

The purpose of this bill is to:

- (1) Expand the eligibility to the Bridge to Hope Program (BTH) to include Temporary Assistance to Other Needy Families program recipients; and
- (2) Appropriate funds to BTH for program expenses and a full-time outreach position.

The Hawaii State Commission on the Status of Women, BTH, National Association of Social Workers, Community Alliance on Prisons, Advocates for Consumer Rights, Kokua Council, and a number of concerned citizens testified in support of this measure. The Department of Human Services and University of Hawaii testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 129, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 670 Finance on H.B. No. 1053

The purpose of this bill is to authorize incidental "taking" of endangered and threatened species at the future permanent site of the University of Hawaii-West Oahu and at Kapolei Parkway by expanding the list of entities eligible to participate in safe harbor agreements and habitat conservation plans.

UHWO, Land Use Research Foundation, Hawaii Leeward Planning Conference, and the Estate of James Campbell testified in support of this measure. The Departments of Transportation and Land and Natural Resources supported the intent of this measure. The Sierra Club, Hawaii Chapter, and Hawaii Audubon Society opposed this measure. The Nature Conservancy of Hawaii offered comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1053 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 671 Finance on H.B. No. 294

The purpose of this bill is to establish the Temporary Health Insurance for Unemployed Persons Program to provide temporary health care coverage, with a benefit package similar to the basic benefits provided by the QUEST-Net Program, for persons who have lost employment on or after September 11, 2001.

ILWU Local 142 supported this bill. The Department of Human Services supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 294 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.

SCRep. 672 Finance on H.B. No. 531

The purpose of this bill is to require that adjustments to compensation and benefit packages for excluded civil service employees be at least equal to compensation and benefit packages provided under collective bargaining agreements for employees within the same jurisdiction.

Hawaii Government Employees Association and several individuals submitted testimony in support of this bill. The Department of Human Resource Development submitted testimony in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 531 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.
(Representative Moses voted no.)

SCRep. 673 Finance on H.B. No. 1373

The purpose of this bill is to provide leave-of-absence benefits for permanent, full-time employees of the state who are exempt from civil service and collective bargaining laws, but are not considered "excluded employees" as defined by section 89C-1.5, Hawaii Revised Statutes.

The Hawaii Government Employees Association submitted testimony in opposition to this bill. The Department of Human Resources Development submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1373 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 674 Finance on H.B. No. 1165

The purpose of this bill is to encourage a favorable business climate in Hawaii by streamlining business registration requirements.

Specifically, this bill:

- (1) Clarifies and increases the uniformity of the law;
- (2) Makes the law easier for the public to understand;
- (3) Enables the Department of Commerce and Consumer Affairs (DCCA) to administer the law consistently;
- (4) Corrects ambiguities and errors;
- (5) Makes specific improvements to the law; and
- (6) Conforms current filing provisions to DCCA's new electronic filing system.

DCCA supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1165, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 675 Finance on H.B. No. 1302

The purpose of this bill is to make certain technical, housekeeping amendments relating to the awarding of monetary grants by the Office of Hawaiian Affairs (OHA).

OHA testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1302 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 676 Finance on H.B. No. 1303

The purpose of this bill is to clarify that the Office of Hawaiian Affairs (OHA), having control of funds other than the general fund, is required to reimburse the State for contributions made by the State to the Hawaii Employer-Union Health Benefits Trust Fund for agency employees.

OHA testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1303 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 677 Finance on H.B. No. 1342

The purpose of this bill is to appropriate funds for youth service centers.

The Office of Youth Services submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1342, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 678 Finance on H.B. No. 1064

The purpose of this bill is to appropriate funds for a permanent intra-island ferry system.

The Department of Transportation submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1064 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 679 Finance on H.B. No. 179

The purpose of this bill is to preserve culturally and historically significant land by appropriating funds for the purchase of a parcel of land, TMK 3-7-7-004-026, in north Kona, that forms a link between Keolonahihi State Park and the Keakealaniwahine Complex.

Kamehameha Schools supported this bill. The Department of Land and Natural Resources offered comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 179, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 680 Finance on H.B. No. 1272

The purpose of this bill is to require the Department of Human Services (DHS) to conduct a two-year pilot project to maximize federal Medicare allocations and cost avoidance and to be funded on a contingency basis.

The Legal Aid Society of Hawaii submitted testimony in support of this bill. DHS submitted testimony in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1272, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 681 Finance on H.B. No. 969

The purpose of this bill is to allow public employers and employees to continue their mutually agreed to arbitration process by exempting public employees covered by collective bargaining from the Uniform Arbitration Act, except for provisions relating to witnesses and enforcement and appeal of awards.

The Office of Collective Bargaining, Department of Human Resources of the City and County of Honolulu, Hawaii State Teachers Association, and Hawaii Fire Fighters Association submitted testimony in support of this bill. The Department of Human Resources Development submitted testimony that the Governor supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 969, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.

SCRep. 682 Finance on H.B. No. 645

The purpose of this bill is to authorize the issuance of special purpose revenue bonds for the benefit of The Queen's Health Systems.

The Queens Health Systems, Healthcare Association of Hawaii, Laborers' International Union of North America Local 368, AFL-CIO, and Hawaii Building and Construction Trades Council, AFL-CIO, submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 645 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 683 Finance on H.B. No. 127

The purpose of this bill is to ensure that a general assistance recipient (recipient) with a physical or mental disability is not prevented from receiving their benefits if their failure to pursue medical treatment is due to good cause. Good cause includes but is not limited to:

- (1) The unavailability of treatment;
- (2) Personal emergency; or
- (3) Existing circumstances that threaten the safety of the recipient.

The Department of Human Services, Hawaii State Commission on the Status of Women, National Association of Social Workers, several attorneys from the Legal Aid Society of Hawaii, and an individual submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 127, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 684 Finance on H.B. No. 1247

The purpose of this bill is to appropriate funds to establish a contraflow lane on Farrington Highway, from Mohihi Street to Piliokahi Avenue, during morning and evening rush hours.

A concerned citizen supported this bill. The Department of Transportation supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1247 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 685 Finance on H.B. No. 668

The purpose of this bill is to appropriate funds to access federal funding available for activities related to delinking welfare and medical assistance.

The Hawaii Primary Care Association submitted testimony in support of this bill. The Department of Human Services submitted testimony in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 668 and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Jernigan and Moses voted no.)

SCRep. 686 Water, Land Use, and Hawaiian Affairs on H.B. No. 1275

The purpose of this measure is to amend the definition of "shoreline", for the purposes of the shoreline certification process, to mean the upper reaches of the annually recurring high seasonal surf.

The Office of Hawaiian Affairs, Hawaii's Thousand Friends and a concerned citizen submitted testimony in support of this bill. Public Access Shoreline Hawaii and numerous concerned individuals submitted testimony supporting the intent of this measure with amendments. Verizon Hawaii and Hawaii Reserves, Inc., opposed the bill. The Department of Land Natural Resources commented on the measure.

Your Committee has amended this measure by:

- (1) Adding a historical perspective to the evolution of the shoreline boundary issue;
- (2) Changing the definition of "shoreline" to mean the uppermost reach of the annually recurring highest seasonal surf evidenced by the resultant debris line or the first line of stable vegetation, provided that the vegetation is not influenced or modified by human intervention, whichever is furthest mauka or inland;
- (3) Adding a provision to require an applicant for shoreline certification to provide a copy of the application for shoreline certification, including the proposed map and photographs, by certified mail to:
 - (A) All abutting shoreline property owners;
 - (B) The Office of Environmental Quality Control for publication in its periodic bulletin; and
 - (C) The county planning agency;

and
- (4) Allowing the State Land Surveyor to review any shoreline certification during its twelve-month validity period and to rescind the certification where there is a substantial misrepresentation of material fact in the original application.

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

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1275, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1275, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Evans.

SCRep. 687 Judiciary on H.B. No. 1076

The purpose of this bill is to codify appellate jurisdiction in foreclosure actions.

Title Guaranty of Hawaii, Inc. and the Collection Law Section of the Hawaii State Bar Association testified in support of this bill.

Your Committee has amended this measure by:

- (1) Placing statutory language in Chapter 667;

- (2) Adding a savings clause; and
- (3) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1076, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 688 Finance on H.B. No. 433

The purpose of this bill is to:

- (1) Authorize the issuance of general obligation bonds to finance project appropriations for which the means of financing are designated as general obligation bond funds or reimburseable general obligation bond funds; and
- (2) Make a declaration of findings with respect to these bond issuance authorizations as required by the State Constitution.

The Department of Budget and Finance submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 433 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Meyer.

SCRep. 689 Finance on H.B. No. 712

The purpose of this bill is to reduce the amount of general excise tax revenues to be deposited to the State Educational Facilities Improvement Special Fund by the amount of certificates of participation, in addition to the amount of general obligation bonds, authorized for that fiscal year.

The Department of Education supported the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 712 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 690 Finance on H.B. No. 772

The purpose of this bill is to clarify the authority of county directors of finance relating to bonds issued by the counties.

The Department of Budget and Fiscal Services of the City and County of Honolulu, Salomon Smith Barney, UBS PaineWebber, and McCorriston, Miller, Mukai, MacKinnon, LLP, submitted testimony in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 772 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 691 Finance on H.B. No. 773

The purpose of this bill is to clarify the counties' ability to enter into certain financial arrangements in connection with the issuance of bonds, including:

- (1) Credit and liquidity support facilities and interest rate swaps;
- (2) Swaptions; and
- (3) Interest rate floors or caps.

The City and County of Honolulu, UBS PaineWebber, Salomon Smith Barney, and McCorriston Miller Mukai MacKinnon LLP testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 773 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 692 Finance on H.B. No. 1042

The purpose of this bill is to fund:

- (1) All collective bargaining cost items in the agreement negotiated with Collective Bargaining Unit 1 (nonsupervisory employees in blue collar positions); and

- (2) Salary increases and other cost adjustments for their excluded counterparts.

The Office of Collective Bargaining and Managed Competition and the United Public Workers testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1042 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 693 Finance on H.B. No. 1043

The purpose of this bill is to fund:

- (1) Collective bargaining cost items in the agreements negotiated with Collective Bargaining Units 2, 3, 4, 6, 8, 9, and 13; and
- (2) Salary increases and other cost adjustments for their excluded counterparts.

The Office of Collective Bargaining and Managed Competition, University of Hawaii, and Hawaii Government Employees Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1043 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 694 Finance on H.B. No. 1044

The purpose of this bill is to fund:

- (1) Collective bargaining cost items in the agreement negotiated with Collective Bargaining Unit 5 (Teachers and other personnel of the Department of Education under the same pay schedule); and
- (2) Salary increases and other cost adjustments for their excluded counterparts.

The Hawaii State Teachers Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1044 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 695 Finance on H.B. No. 1045

The purpose of this bill is to fund:

- (1) Collective bargaining cost items for Collective Bargaining Unit 7 (Faculty of the University of Hawaii and the community college system); and
- (2) Salary increases and other cost adjustments for their excluded counterparts.

The University of Hawaii testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1045 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 696 Finance on H.B. No. 1046

The purpose of this bill is fund:

- (1) Collective bargaining cost items in the agreement negotiated with Collective Bargaining Unit 10 (Institutional, Health, and Correctional Workers); and
- (2) Salary increases and other cost adjustments for their excluded counterparts

The United Public Workers supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1046 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 697 Finance on H.B. No. 1047

The purpose of this bill is to fund:

- (1) Collective bargaining cost items in the agreement negotiated with Collective Bargaining Unit 11 (Firefighters); and
- (2) Salary increases and other cost adjustments for their excluded counterparts.

The Hawaii Firefighters Association and Office of Collective Bargaining and Managed Competition supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1047 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 698 Finance on H.B. No. 555

The purpose of this bill is to fund:

- (1) Collective bargaining cost items in the agreement negotiated with Collective Bargaining Unit 11 (Firefighters); and
- (2) Salary increases and other cost adjustments for their excluded counterparts.

The Hawaii Fire Fighters Association submitted testimony in support of this bill. The Office of Collective Bargaining and managed competition submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 555 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 699 Finance on H.B. No. 1041

The purpose of this bill is to appropriate funds for salary increases and other cost adjustments for employees and officers of the Office of the Auditor, Ethics Commission, Legislative Reference Bureau, and Office of the Ombudsman.

The Office of Collective Bargaining and Managed Competition, Hawaii State Ethics Commission, Legislative Reference Bureau, HGEA Managerial and Confidential Employees Chapter, and Office of the Ombudsman testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1041 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 700 Finance on H.B. No. 1652

The purpose of this bill is to appropriate funds to the Medicaid Prescription Drug Rebate Special Fund.

ILWU Local 142 and AARP Hawaii submitted testimony in support of this bill. The Department of Human Services submitted comments on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1652 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.

SCRep. 701 Finance on H.B. No. 1548

The purpose of this bill is to authorize the issuance of general obligation (GO) bonds and appropriate funds to make improvements to public schools.

The Department of Education submitted testimony supporting the issuance of GO bonds and opposing the appropriation of funds from the State Educational Facilities Improvement Special Fund.

Your Committee has amended this bill by:

- (1) Clarifying that the improvements are for public schools; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1548, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1548, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 702 Finance on H.B. No. 1154

The purpose of this bill is to improve the administration of the Unclaimed Property Program (Program) by:

- (1) Clarifying the provisions of the Unclaimed Property Trust Fund (Trust Fund);
- (2) Authorizing moneys from the Trust Fund to be used for the Program's operating expenses; and
- (3) Appropriating \$313,888 for fiscal year 2003-2004 and \$313,888 for fiscal year 2004-2005 out of the Trust Fund to pay for the administration and operation of the Program.

The Department of Budget and Finance testified in support of this measure.

Your Committee has amended this measure by:

- (1) Deleting appropriation amounts for fiscal year 2003-2004 and fiscal year 2004-2005 to further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1154, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 703 Finance on H.B. No. 1223

The purpose of this bill is to conform the Hawaii income tax law to the federal Internal Revenue Code.

The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1223, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1223, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 704 Finance on H.B. No. 626

The purpose of this bill is to change the amount of the Individual Development Account (IDA) Contribution Tax Credit (Tax Credit) from 50 percent of the amount contributed by a taxpayer towards an IDA to 100 percent of the amount contributed.

The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Changing the amount of the Tax Credit to 75 percent of the amount contributed by a taxpayer towards an IDA;
- (2) Changing the effective date to July 1, 2010; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 626, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 626, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 705 Finance on H.B. No. 640

The purpose of this bill is to:

- (1) Appropriate \$3,500,000 for fiscal year 2003-2004 and \$2,500,000 for fiscal year 2004-2005 from interest income transferred from the Hurricane Reserve Trust Fund to be deposited into the Loss Mitigation Grant Fund;
- (2) Use the moneys to develop and implement the Loss Mitigation Grant Program; and
- (3) Allow appropriated funds to be used for grants issued from January 1, 2003.

The Hurricane Risk Mitigation Task Force, Hawaii Security Shutters, LLC, and concerned citizens testified in support of this measure. The Hawaii Association of Realtors supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriations to \$1 to promote further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 640, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 640, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 706 Finance on H.B. No. 1628

The purpose of this bill is to establish an income tax deduction for interest on educational loans paid by primary health care providers with a gross income of less than \$80,000, or \$100,000 for those providers that file jointly. The deduction shall only apply to a primary health care provider who:

- (1) Is not a qualified business under the Enterprise Zone (EZ) Law; and
- (2) Has established a new practice as a health care provider in an EZ on:
 - (A) Hawaii, Kauai, or Maui counties;
 - (B) The North Shore of Oahu, Koolauloa; or
 - (C) The Leeward Coast of Oahu in Makaha, Waianae, Maili, or Nanakuli.

The Hawaii Dental Association supported this bill. The Department of Taxation and Tax Foundation of Hawaii offered comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1628, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1628, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 707 Finance on H.B. No. 1253

The purpose of this bill is to increase fairness in the procurement process by specifying that inclusion of general excise and applicable use tax in an offer or bid for a government contract shall not be considered as part of the cost aspect of the bid or offer for government purchases under \$25,000.

The Native Hawaiian Chamber of Commerce, Jarrett Technology Solutions, Inc., and HONCAD Corporation testified in support of this measure. The Chamber of Commerce of Hawaii testified in support of the intent of this measure. The State Procurement Office and Mynah Gnome Engineering commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1253, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1253, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 708 Energy and Environmental Protection on H.B. No. 1456

The purpose of this bill, as received by your Committee, is to decrease the burden placed on dealers required to operate bottle redemption centers by:

- (1) Providing a one-year waiver for dealers if the Department of Health (DOH) accepts that there is a less costly or more efficient plan for the dealer's area; and
- (2) Requiring DOH to adopt rules for this waiver process.

For purposes of the public hearing, your Committee circulated a proposed H.D. 1 version that further clarifies the Deposit Beverage Container Program (Program) established by Act 176, Session Laws of Hawaii 2002.

Specifically, the proposed H.D. 1:

- (1) Clarifies that the amounts received as a beverage container deposit collected under chapter 342G, part VII, Hawaii Revised Statutes (HRS), are not subject to the state income tax laws;
- (2) Requires each deposit beverage distributor to generate a monthly report of total sales to dealers or consumers;
- (3) Provides that all information submitted and contained in the monthly reports shall be protected to the extent allowable by state law;
- (4) Provides that payment of the deposit beverage container fee and deposits shall be made monthly based on sale reports of the deposit beverage distributors;
- (5) Provides that the amount due from deposit beverage distributors shall be the net number of deposit beverage containers sold multiplied by the sum of the prevailing deposit beverage container fee and the refund value of 5 cents;
- (6) Provides that payment for amounts due from deposit beverage distributors shall be made by check or money order payable to the "Department of Health";
- (7) Provides that deposit beverage distributors shall provide an annual report on forms supplied by DOH of the net amount of deposit beverage containers manufactured in or imported to the State by material size and type;

- (8) Clarifies that dealers shall post a sign at the primary public entrance of their place of business and that the sign shall specify the address and hours of operation of the closest nondealer redemption center;
- (9) Clarifies that DOH, rather than the State, may withdraw the certification of a redemption center;
- (10) Provides that DOH may:
 - (A) Limit the number of redemption centers to maintain appropriate operating scale;
 - (B) Set minimum distances between redemption centers;
 - (C) Permit potential redemption center operators to bid for the right to operate a center if there are conflicts over servicing a particular area; and
 - (D) Set minimum population requirements to be served by a redemption center;
- (11) Clarifies that payments for handling fees shall be made within 60 days of receiving collection reports from redemption centers, provided that there is no discrepancy in the collection reports; and
- (12) Repeals section 342G-105, HRS, that requires deposit beverage container inventory report and payment.

The Hawaii Food Industry Association supported this bill. DOH, Pepsi Bottling Group, and the Retail Merchants of Hawaii supported the intent of this bill. Coca-Cola Bottling Company of Hawaii commented on this bill.

Upon further consideration, your Committee has incorporated the contents of the proposed H.D. 1 and further amended this bill by:

- (1) Ensuring that any information contained and submitted in the monthly reports shall be treated as confidential;
- (2) Clarifying that the dealer's monthly reports are to be submitted to DOH;
- (3) Inserting January 1, 2005, as the date when the payment of the deposit beverage container fee and deposits are to be made monthly;
- (4) Clarifying that all importers and manufacturers shall submit an annual report to DOH by October 15, 2004, and each October 15th thereafter;
- (5) Clarifying that the annual report shall contain the quantities of deposit beverage containers imported or manufactured during the previous year by material size and type and cover the period from October 1st until September 30th of the reporting year;
- (6) Deleting the provisions dealing with the one-year waiver of application for dealers; and
- (7) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee would like to clarify that the amendments to this bill are intended to make the Program "less costly and more efficient." These factors are necessary for the success of the Program. Your Committee, however, would like to emphasize that these factors should take into account and not compromise the consumer's interest in redeeming beverage containers.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1456, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1456, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Evans.

SCRep. 709 Finance on H.B. No. 1181

The purpose of this bill is to appropriate \$14,000,000 to fund employer contributions of the Hawaii Health Systems Corporation (HHSC) to the Employees' Retirement System and the Public Employees Health Fund.

The Governor, HHSC, Health Care Association of Hawaii, and HGEA/AFSCME Local 152 AFL-CIO supported this bill.

Your Committee has amended this measure by:

- (1) Changing the appropriation amount to \$7,524,000; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1181, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1181, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 710 Judiciary on H.B. No. 135

The purpose of the bill is to allow persons living abroad who use for-profit matchmaking services to access criminal convictions and marital history information about prospective spouses residing in the United States.

The Hawaii State Commission on the Status of Women, Hawaii State Coalition Against Domestic Violence, Na Loio Immigrant Rights and Public Interest Legal Center, Globalization Research Center, and concerned individuals testified in support of this bill. The Mestizo Association also supported this measure with amendments. The Department of the Attorney General offered comments.

Your Committee finds that this measure would provide important protection to foreign residents by providing background information to potential matches from overseas. This measure will provide information to aid in decisions.

Your Committee has amended this bill by:

- (1) Deleting the provision that exempted traditional matchmaking organizations of a religious nature from the definition of an "international matchmaking organization";
- (2) Clarifying that the criminal record and marital history information be displayed in a conspicuous manner rather than a highly noticeable manner;
- (3) Requiring the Hawaii resident to submit to the matchmaking organization the complete transcript of any criminal history record or a statement that there is no record of convictions obtained from the Hawaii Criminal Justice Data Center based on a submission of fingerprint impressions and sent directly to the organization by the Hawaii Criminal Justice Data Center;
- (4) Deleting the requirement that the appropriate criminal history record information be disseminated to the international matchmaking organization since this information is public record; and
- (5) Making technical, nonsubstantive amendments for style and clarity.

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

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 711 Judiciary on H.B. No. 976

The purpose of the bill is to:

- (1) Create an offense of aggravated cruelty to animals; and
- (2) Provide concurrent jurisdiction over the new crime of aggravated cruelty to animals with the circuit and family courts.

The Hawaii State Coalition Against Domestic Violence, Honolulu Police Department, and a concerned individual testified in support of this measure. The City and County of Honolulu Department of the Prosecuting Attorney supported the intent of this measure. The Hawaiian Humane Society and Kauai Humane Society supported this measure and recommended amendments. The Office of the Public Defender and Animal CARE Foundation opposed this measure.

Your Committee finds that repetitive animal cruelty and animal cruelty for the purpose of causing emotional trauma to persons should be sanctioned to a greater degree than isolated incidents of animal cruelty.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 976, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 976, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 712 Judiciary on H.B. No. 980

The purpose of this bill is to modify the Uniform Contribution Among Tortfeasors Act by:

- (1) Permitting verdict forms to include the name of the settling entity following a hearing on the issue of good faith; and
- (2) Revising the consequences of a judicial determination that the settlement was in good faith.

The Hawaii Insurers Council and a concerned citizen testified in support of this measure. The Judiciary commented on this measure.

Your Committee finds this measure is primarily a housekeeping measure whose proponents continue to discuss possible revisions.

Your Committee has amended this measure by:

- (1) Retaining appeal as the mechanism for review, with language added to clarify that appeal need not await final judgment; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 980, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 980, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 713 Judiciary on H.B. No. 1004

The purpose of the bill as received is to provide for enhanced sentencing of a defendant who uses a controlled substance to facilitate the commission or attempted commission of a felony sexual assault.

The Judiciary, the Hawaii Paroling Authority, and the Honolulu Police Department testified in support of the bill. The Office of the Public Defender provided comments.

After further consideration, your Committee has amended this bill by deleting its contents and inserting a provision to repeal the Interstate Parole and Probation Compact.

Your Committee finds that repealing the old compact will prevent duplication of services and costs when the new Interstate Compact for Adult Offender Supervision takes effect.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1004, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 714 Judiciary on H.B. No. 500

The purpose of the bill is to establish penalties for minors who are alleged to have committed an act that would constitute a violation or attempted violation of promoting a dangerous, harmful, or detrimental drug, or other controlled substances.

Specifically, this bill:

- (1) Allows the Family Court to commit the minor for incarceration in a Youth Correctional Facility for a certain unspecified amount of time, without possibility of probation or suspension of sentence; and
- (2) Requires the minor and the minor's parents, guardians, or legal custodians to attend a substance abuse education and counseling program for an unspecified minimum amount of hours.

The Department of the Prosecuting Attorney of the County of Maui supported this bill. The Office of the Public Defender opposed this bill. The Judiciary offered comments.

Your Committee finds that this measure attempts to address illicit drug activity by minors. However, concerns raised by public testimony need to be addressed.

Your Committee has amended the bill by changing the effective date to February 28, 2050, to continue the discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 500, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 500, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 715 Judiciary on H.B. No. 1309

The purpose of this bill is to speed up the accident investigation process by ensuring that Hawaii courts accept photogrammetric analysis of electronic photographs to determine locations, orientations, dimensions, and distances between physical evidence at the scene of Hawaii traffic accidents.

The Honolulu Police Department and three individuals testified in support of this bill. The Evidence Committee of the Hawaii Supreme Court supported some parts of the bill and opposed some parts of it. The Hawaii Department of Transportation supported the intent of the bill but not the methodology and judicial process. The Office of the Public Defender of the State of Hawaii opposed the bill.

Your Committee has amended this bill by:

- (1) Deleting the provision that would require the Hawaii Supreme Court to establish procedures governing police use of electronic pictures that are recorded by a video or digital camera for the reconstruction of traffic accidents;
- (2) Deleting the provision that would allow measurements of the location, orientation, dimensions, and distances between physical evidence derived by photogrammetric analysis of electronic pictures in accord with the Supreme Court procedures to be admissible as prima facie evidence;
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1309, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Ito, M. Oshiro and Souki.

SCRep. 716 Judiciary on H.B. No. 284

The purpose of this bill, as received, is to prohibit the solicitation of campaign contributions on government property and prohibit contributions from government contractors.

The League of Women Voters of Hawaii, Hawaii Pro Democracy Initiative, and a concerned individual testified in support of the bill. The Campaign Spending Commission offered comments. A concerned individual testified in opposition to the bill.

Upon further consideration, your committee incorporated the subjects covered in H.B. No. 1352 except as noted below and further amended the bill by:

- (1) Clarifying the definitions for "candidate's committee," "committee," "contributions," "noncandidate committee," "election period" and adding definitions for "corporation," "independent expenditure," "labor organization," and "separate segregated fund;"

- (2) Revising the section on prohibition for contributions from government contractors by defining the types of contracts and scope of procurement activities as consistent with the Hawaii Procurement Code, chapter 103D; defining a government contractor as seeking or having a contract in excess of \$25,000; prohibiting contributions for the period commencing with negotiations for a contract or notice of contract opportunities to ending twenty-four months after the completion or termination of the contract; prohibiting contributions from debarred or suspended businesses; and limiting an individual from making a contribution if the individual owns 25 percent or more of a company;
- (3) Adding a provision to prevent administrative enforcement if a person is convicted of criminal activity for violations of the campaign spending laws;
- (4) Adding an amendment to the registration provisions to exempt candidates seeking reelection for the same office in successive election periods;
- (5) Specifying that campaign contributions may not be converted to personal use where the primary purpose of the expenditure is noncampaign related;
- (6) Revising the campaign contribution limits to \$2,000 per election period from persons to a candidate, \$2,000 per election period from persons to a noncandidate committee, \$5,000 per year from persons to a political party;
- (7) Prohibiting contributions from corporations, labor organizations, member organizations, cooperatives, and corporations without stock in excess of \$6,000 in the aggregate; except that such entities may establish and solicit contributions from their respective members or employees for separate segregated funds that may make contributions in the same manner as other persons; and
- (8) Deleting provisions on public financing and voluntary spending limits, requirements for donors to report contributions in excess of \$200, and the prohibition against receiving contributions on government property.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 284, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 717 Finance on H.B. No. 1152

The purpose of this bill is to:

- (1) Repeal certain state funds that do not meet the criteria for continuation; and
- (2) Transfer excess balances from special and revolving funds to the general fund of the State.

The Department of Budget and Finance supported this bill. The Domestic Violence Clearinghouse and Legal Hotline, Hawaii State Coalition Against Domestic Violence, and Subcontractors Association of Hawaii opposed the measure. The Judiciary and Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Not repealing the Statewide Planning and Geographic Information System Special Fund (Special Fund);
- (2) Transferring from the Special Fund to the general fund of the State the sum of \$7,692 or so much thereof as may be necessary for fiscal year 2003-2004;
- (3) Correcting amounts to be transferred from various funds to the credit of the General Fund.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1152, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 718 Finance on H.B. No. 1224

The purpose of this bill is to amend or repeal obsolete tax laws by:

- (1) Designating the tax reserve fund in section 231-23, Hawaii Revised Statutes (HRS), a trust fund rather than a special fund as recommended by the State Auditor;
- (2) Defining "manufacturer" in section 237-1, HRS, to ensure that taxpayers selling tangible personal property to a manufacturer qualify for the wholesale tax rate;
- (3) Defining "retailer" and "sales at retail" for chapters 237 and 238, HRS;
- (4) Repealing section 237-13(1), HRS, because manufacturers that ship tangible personal property out of the State are subject to the general excise tax (GET) under section 237-13(2)(D), HRS, and no longer subject to the GET under section 237-29.5, HRS;
- (5) Repealing imposition of the GET on the activity of "producing" in section 237-13(2), HRS, because producers that ship tangible personal property out of the State are subject to the GET under section 237-13(2)(D) and no longer subject to the GET under section 237-29.5, HRS, and;
- (6) Making housekeeping amendments to the GET and use tax laws for consistency with other amendments in the bill;

- (5) Repealing the GET exemption for locally-produced goods in section 237-24.3, HRS, which was held unconstitutional by the Hawaii Supreme Court;
- (6) Repealing sections 237-8.5 and 238-2.5, HRS, relating to the obsolete GET and use tax surcharge tax proposed for funding a mass transit system;
- (7) Repealing section 237-16, HRS, which imposes the GET on certain retailing and is duplicative of section 237-13, HRS, which imposes the GET on all business activities, including retailing; and
- (8) Repealing section 237-28.2, HRS, relating to the exemption for producers of motion picture or television films which expired on July 1, 1976.

The Department of Taxation testified in support of this bill. The Tax Foundation of Hawaii submitted comments.

While your Committee is aware that this measure makes largely housekeeping amendments, your Committee is nevertheless concerned over the possible implications of repealing the one-half percent tax on manufacturers. It is the wish of your Committee that this issue be further scrutinized during the remainder of the legislative process.

Accordingly, your Committee has amended this bill by changing its effective date to July 1, 2010. Technical, nonsubstantive amendments have also been made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1224, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1224, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 719 Finance on H.B. No. 1363

The purpose of this bill is to appropriate \$340,000 as a grant-in-aid to the City and County of Honolulu for the cleaning of the Salt Lake waterway.

The Department of Environmental Services of the City and County of Honolulu and three concerned citizens supported this bill.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1363, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1363, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 720 Finance on H.B. No. 1077

The purpose of this bill is to allow for the continued staffing of the Offices of the Governor and Lieutenant Governor. Specifically, this bill:

- (1) Appropriates \$1,000,000 for operational costs of the Office of the Governor; and
- (2) Appropriates \$141,000 for the operational costs of the Office of the Lieutenant Governor.

Your Committee received a letter from the Governor dated January 28, 2003:

- (1) Stating that funds were needed to enable staffing of the Offices of the Governor and Lieutenant Governor from January 2003 through June 2003;
- (2) Requesting appropriations of \$1,000,000 for the Office of the Governor and \$141,000 for the Office of the Lieutenant Governor for purposes of financing operating expenses of the respective offices; and
- (3) Requesting immediate attention to this measure.

The Office of the Governor testified in support of this measure.

Your Committee has amended this measure by:

- (1) Changing the appropriation amount for the operational costs of the Office of the Governor from \$1,000,000, to \$508,141;
- (2) Changing the appropriation amount for the operational costs of the Office of the Lieutenant Governor from \$141,000, to \$121,736; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1077, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1077, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 721 Finance on H.B. No. 91

The purpose of this bill is to:

- (1) Exempt proceeds arising from the sale of goods and services provided to the State, including contracting by the State, from the general excise tax;
- (2) Change the central service assessment for special funds from five percent of all receipts, to five percent of all costs of special funds; and
- (3) Repeal all special fund exemptions to the central service assessment.

The Native Hawaiian Chamber of Commerce supported this bill. The Department of Land and Natural Resources, Hawaii Tourism Authority, Public Utilities Commission, and Hawaii Health Systems Corporation opposed this bill. The Department of Taxation, Department of Budget and Finance, the Judiciary, and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010, to further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 91, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 91, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 722 Finance on H.B. No. 512

The purpose of this bill is to establish the Division of Community Hospitals (Division) within the Department of Health (DOH) and abolish the Hawaii Health Systems Corporation (HHSC) and transfer its responsibilities to the Division.

HHSC, HHSC Maui Region, HHSC West Hawaii Region, HHSC East Hawaii Region, HHSC Oahu Region, Healthcare Association of Hawaii, and the Hawaii Government Employees Association opposed this measure.

Your Committee has amended this bill by:

- (1) Changing all effective dates to July 1, 2010, to promote further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 512, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 512, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 723 Finance on H.B. No. 405

The purpose of this bill is to prohibit the Governor and Director of Finance from restricting any state agency's ability to expend federal grant moneys if the granting federal agency has already approved the expenditure of funds as provided in the state agency's grant application.

The State Foundation on Culture and the Arts supported this bill. The Department of Budget and Finance opposed this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 405 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Bukoski, Jernigan, Meyer and Moses voted no.)

SCRep. 724 Judiciary on H.R. No. 30

The purpose of this resolution is to request the Congressional Speaker of the House to review the fitness of Congressman Howard Coble to continue as the chairman of the Judiciary Subcommittee on Crime, Terrorism and Homeland Security.

Testimony in support of this measure by the Hawaii Civil Rights Commission, Japanese American Citizens League, and a concerned individual testified in support of this measure.

Your Committee condemns remarks made by Congressman Coble during a radio call-in program where he supported the decision to incarcerate the Japanese American community during World War II. His comments were prompted by a suggestion that Arab Americans be similarly incarcerated.

Your Committee has amended this resolution to request that the Speaker of the United States House of Representatives educate and sensitize members of Congress on the unfortunate circumstances of the internment of civilians during World War II. Your Committee has also amended the title of this resolution to conform to the request.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 30, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 30, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 725 Judiciary on H.C.R. No. 26

The purpose of this concurrent resolution is to request the Congressional Speaker of the House to review the fitness of Congressman Howard Coble to continue as the chairman of the Judiciary Subcommittee on Crime, Terrorism and Homeland Security.

The Hawaii Civil Rights Commission, Japanese American Citizens League, and a concerned individual testified in support of this measure.

Your Committee condemns remarks made by Congressman Coble during a radio call-in program where he supported the decision to incarcerate the Japanese American community during World War II. His comments were prompted by a suggestion that Arab Americans be similarly incarcerated.

Your Committee has amended this concurrent resolution to request that the Speaker of the United States House of Representatives educate and sensitize members of Congress on the unfortunate circumstances of the internment of civilians during World War II. Your Committee has also amended the title of this concurrent resolution to conform to the request.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 26, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 26, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 726 Energy and Environmental Protection on H.B. No. 1328

The purpose of this bill is to broaden the authorization of the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (Consumer Advocate) by allowing it to consider the benefits of renewable resources in its role as a consumer advocate.

The Sierra Club, Hawaii Chapter, and Life of the Land testified in support of this bill. The Consumer Advocate supported the intent of this bill.

This bill clarifies the Consumer Advocate's role to consider the benefits of renewable energy. While the Consumer Advocate testified that it already considers the benefits of renewable resources as a routine matter, your Committee believes that this clarification is necessary.

Your Committee has amended this bill by:

- (1) Clarifying that the Consumer Advocate is to consider the long-term benefits of renewable resources; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1328, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1328, H.D. 1.

Signed by all members of the Committee except Representative Thielen.

SCRep. 727 Water, Land Use, and Hawaiian Affairs on H.B. No. 1607

The purpose of this bill is to reduce the response time of water safety personnel to life-threatening incidents by including ocean safety vehicles in the definition of an "authorized emergency vehicle" which exempts them from certain traffic regulations when using the authorized audible and visual signals.

The Ocean Safety and Lifeguard Services Division of the City and County of Honolulu and the Hawaiian Lifeguard Association submitted testimony in support of this bill. The Department of Transportation testified in support of the intent of this measure. The Honolulu Police Department (HPD) testified in opposition to this bill.

Currently, water safety officers of the City and County of Honolulu (C&C) operate a fleet of 16 emergency vehicles to respond to a variety of aquatic situations, including drownings, near-drownings, rescues, search and recovery operations, and co-response cases with emergency medical services paramedics and other members of the C&C's public safety team. Although C&C emergency vehicles have already been designated as authorized emergency vehicles under the Honolulu Revised Ordinances, this bill will apply to all counties in the State.

HPD has brought to your Committee's attention numerous situations that require police officers to exceed speed limits and disregard certain traffic regulations without their blue lights and sirens activated, such as clocking speeders, catching suspected drunk drivers, and responding to residential and holdup alarms.

Your Committee has amended this measure by exempting police officers from the requirement that the emergency vehicle must be using the authorized audible and visual signal when responding to an emergency call or fire alarm or when in pursuit of an actual or suspected law violator.

As affirmed by the record of votes of the members of your Committee on Water, Land Use, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1607, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1607, H.D. 2.

Signed by all members of the Committee except Representatives Evans and Thielen.

SCRep. 728 Consumer Protection and Commerce on H.B. No. 1492

The purpose of this bill is to expand the State's net metering program by:

- (1) Removing the 10 kilowatt capacity restriction on eligible customer-generators; and

- (2) Increasing the percentage of an electric utility's system peak demand that may be produced by eligible customer-generators from 0.5 percent under current law, to 1.0 percent in 2004, and increasing that percentage incrementally by 0.5 percent every two years, to a maximum of 5.0 percent in 2020.

Testimony in support of this bill was submitted by the Sierra Club, PowerLight Corporation, Hawaii Renewable Energy Alliance, Inter Island Solar Supply, and Hawaii Solar Energy Association. The Department of Business, Economic Development, and Tourism supported the intent of the bill. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs and the Public Utilities Commission offered comments. Hawaiian Electric Company, Inc., opposed this bill.

Your Committee finds that currently, customers are able to produce their own electricity by using renewable energy generators with a capacity of not more than 10 kilowatts. These customers may then use net metering to qualify for a retail rate credit from their utility. This credit functions as an incentive for customers to use renewable energy sources, and is thus consistent with Hawaii's energy policies.

Your Committee believes that continued efforts must be made to encourage the use of renewable resources in this State. This bill attempts to do so by removing customer-generator capacity restrictions that limit the advantages gained when using renewable energy generators in conjunction with the net metering program, and by increasing the proportion of an electric utility's peak demand that may be provided by customer-generators.

However, your Committee is also aware of concerns raised, regarding the bill's effect on customer rates, and whether the bill will result in an overall benefit to consumers. In an effort to continue discussion on these matters, your Committee has changed the effective date of this bill to July 1, 2050.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1492, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1492, H.D. 2.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.

SCRep. 729 Consumer Protection and Commerce on H.B. No. 10

The purpose of this bill is to:

- (1) Require retail suppliers of electricity in Hawaii to annually disclose information on the fuel mix used to produce their electricity; and
- (2) Require the Public Utilities Commission (PUC) to convene a working group of persons interested in suggesting modifications to the fuel mix disclosure requirements.

Testimony supporting the intent of this measure was submitted by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, the Department of Business, Economic Development, and Tourism (DBEDT), PUC, Hawaiian Electric Company, Inc., and Covanta Energy Group.

Your Committee finds that there is a need to increase consumer awareness about the fuel sources of the electricity that Hawaii's utilities provide. This bill requires each retail electricity utility to annually disclose fuel mix information to its customers, beginning January 1, 2004. This bill also provides that the disclosure shall not result in increased costs to ratepayers.

Your Committee finds that electricity fuel mix information is already disclosed to DBEDT on a voluntary basis. Furthermore, your Committee believes that the intent of this bill may be accomplished without the PUC work group.

Accordingly, your Committee has amended this measure by deleting:

- (1) All references to the PUC work group;
- (2) The requirement that the utility provide annual fuel mix information to DBEDT; and
- (3) The requirement that the disclosure not require utilities to pay additional costs associated with mailing or postage.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 10, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 10, H.D. 2.

Signed by all members of the Committee except Representatives Caldwell, Ito, Kanoho and M. Oshiro.

SCRep. 730 Consumer Protection and Commerce/Judiciary on H.B. No. 1510

The purpose of this bill is to update the State's chiropractor licensing law.

More specifically, this bill:

- (1) Expands the scope of chiropractic practice;
- (2) Limits workers' compensation chiropractic treatment reimbursement to treatment of only the spinal column; and
- (3) Allows use of the titles "doctor of chiropractic" and "chiropractic physician."

The Board of Chiropractic Examiners, Hawaii State Chiropractic Association, Massage Therapists Association of Hawaii, and an individual supported the bill. The Hawaii Insurers Council, Hawaii Medical Association, ILWU Local 142, Chamber of Commerce of Hawaii, and State Farm Insurance Companies testified in opposition to the bill. The Department of Commerce and Consumer Affairs (DCCA) provided comments.

Your Committees find that the practice of chiropractic has advanced and that existing laws must be updated to reflect the current training and expertise of chiropractors. However, your Committees are concerned that passage of this measure may result in additional automobile and health insurance costs, and indirectly in workers' compensation cost increases.

Your Committees have been notified that the Insurance Division of DCCA is performing an economic impact analysis of this bill that upon completion will be provided to the members of both Committees. Accordingly, your Committees have amended this bill to allow consideration of the results of DCCA's analysis by changing the bill's effective date to July 1, 2050.

Technical, nonsubstantive amendments have also been made to this bill for clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1510, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1510, H.D. 1.

Signed by all members of the Committee except Representatives Ito, Kanoho and M. Oshiro.
(Representatives Stonebraker and Thielen voted no.)

SCRep. 731 Judiciary on H.B. No. 373

The purpose of this measure is to prohibit a landlord from restricting a tenant, except under certain conditions, from erecting, maintaining, or displaying an otherwise legal sign or outdoor advertising device that urges voters to vote for or against any person or issue.

The American Civil Liberties Union of Hawaii and a concerned citizen testified in support of this measure.

Your Committee encourages the exercise of freedom of political speech on the part of tenants, including the display of signs, that does not compromise public health and safety.

Your Committee has amended this measure by:

- (1) Limiting its scope to single family residences as multifamily residences have common areas for the use of all residents where restrictions may be necessary;
- (2) Deleting the provision that prohibits a landlord from requiring tenants to display an election sign as this is already unenforceable under section 521-52(b), Hawaii Revised Statutes;
- (3) Deleting text concerning "reasonable access and use" because this concept is inherent in "reasonable restrictions;"
- (4) Changing the effective date from July 1, 2050, to "upon approval;" and
- (5) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 373, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 373, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 732 Judiciary on H.B. No. 529

The purpose of this bill, as received, is to:

- (1) Permit entry into caves in state or county parks if entry signs are posted;
- (2) Specify recreation as an allowable reason to enter a cave; and
- (3) Protect the State and counties from liability where entry and warning signs are posted.

The Department of Land and Natural Resources and several councilmembers of the County of Maui testified in support of this measure. The Consumer Lawyers of Hawaii testified in opposition to the part of this measure that would grant immunity to the State or county if a recreational user were permitted to enter a cave.

Your Committee finds that this measure will enable state and county agencies to encourage public enjoyment of caves as park resources.

Your Committee has amended this measure by:

- (1) Deleting the provision that would absolve the State and counties from liability for injuries in caves within parks if permission to enter is granted by posting;
- (2) Deleting superfluous references to specific statutory chapters in the provision concerning the applicability of other laws; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 529, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 529, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 733 Judiciary on H.B. No. 581

The purpose of this bill is to discourage shark feeding by increasing the minimum fines for violations to:

- (1) \$250 for a first offense;

- (2) \$500 for a second offense; and
- (3) \$1,000 for a third or subsequent offense.

The Department of Land and Natural Resources and two individuals testified in support of this measure.

Your Committee finds that shark feeding must be discouraged, because of its inherent danger. Accordingly, your Committee has replaced the penalty provisions of this bill by making the offense a misdemeanor and by providing a minimum fine of \$500 in addition to any other penalties.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 581, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 581, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 734 Judiciary on H.B. No. 865

The purpose of this bill, as received, is to prohibit a public employee from taking official action on a matter that directly affects the financial interests of a family or household member.

The Hawaii State Ethics Commission (Commission) testified in support of this measure.

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

- (1) Modifying and clarifying the definition of "financial interest" to require that the action taken by the public employee have a material financial effect on the employee;
- (2) Adding additional boards and commissions whose members are required to file financial disclosures, including the Board of Regents;
- (3) Amending the responsibility of the Commission to require that the Commission publish findings where the charge is unsubstantiated;
- (4) Exempting the members of the Board of Regents, the Board of Land and Natural Resources, the Board of Agriculture, and the Hawaiian Homes Commission who file a public disclosure statement from indicating the amounts of their interests; and
- (4) [sic] Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 865, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 865, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 735 Judiciary on H.B. No. 1261

The purpose of the bill is to allow counties to impose an actionable duty on owners of private property, on which there is a potential danger of falling rocks, to inspect and remove those rocks or otherwise mitigate any unreasonable danger to persons or property.

A concerned citizen supported this bill. The County of Kauai, City and County of Honolulu, and the City and County of Honolulu Department of Planning and Permitting opposed this measure. A councilmember of the Honolulu City Council and the Land Use Research Foundation of Hawaii offered comments.

Your Committee finds that the counties should be able to clarify the duty of private landowners to protect people and property from falling rocks.

Your Committee has amended this bill by:

- (1) Changing the effective date to February 31, 2050, to promote further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity, including amending the purpose section to more accurately reflect the substantive provisions of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1261, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1261, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 736 Judiciary on H.B. No. 1182

The purpose of the bill is to delete terminal condition as the sole circumstance when "comfort care only-do not resuscitate" (CCO-DNR) protocols may be initiated by in-field emergency response personnel.

The Department of Health, Maui County Police Department and Policy Advisory Board for Elder Affairs testified in support of this bill.

Your Committee finds that a requirement of a physician's diagnosis of a terminal condition before implementation of CCO-DNR protocols may negate a patient's advanced directive.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1182, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1182, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 737 Judiciary on H.B. No. 1198

The purpose of this bill is to, among other things:

- (1) Prohibit minors from working in adult entertainment;
- (2) Modify and clarify work hour restrictions for minors; and
- (3) Establish that any person who knowingly violates any provision of the Child Labor Law shall be guilty of a misdemeanor.

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

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

- (1) Clarifying the restriction on the number of work hours that a minor may be employed during a calendar week;
- (2) Adding a savings clause specifying that this bill does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before the bill's effective date; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1198, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1198, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 738 Judiciary on H.B. No. 1285

The purpose of this bill is to better protect historic property and burial sites by:

- (1) Providing penalties for anyone who inadvertently discovers a burial site and fails to stop work and report the discovery;
- (2) Providing penalties for anyone who damages historic property or a burial site during development activities without obtaining required approval; and
- (3) Requiring that, if human skeletal remains are discovered during development activities in which the required approvals were not obtained, all work shall cease, to allow for the proper removal of the remains.

The Office of Hawaiian Affairs, the County of Hawaii Planning Department, and a member of the Oahu Island Burial Council testified in support of this bill. The Department of Land and Natural Resources testified in support of the intent of this measure.

Your Committee finds it essential to protect historic properties on private lands in situations where permitting requirements are ignored.

Your Committee has made technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1285, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1285, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 739 Labor and Public Employment on H.B. No. 248

The purpose of this bill is to strengthen the State's non-smoking policy in public schools by:

- (1) Prohibiting the smoking and use of tobacco products on the premises of public schools, in school buses, and at school-sponsored functions; and
- (2) Excluding the prohibition on smoking in public schools from collective bargaining negotiations.

The Department of Education (DOE), Department of Human Resources Development, American Lung Association of Hawaii, American Cancer Society, American Heart Association, Hawaii State Parent Teacher Student Association, Coalition for a Tobacco Free Hawaii, REAL: Hawaii Youth Movement Against Tobacco Use, and numerous concerned citizens testified in support of this measure.

Your Committee finds that smoking in public schools is a negotiable bargaining item and certain bargaining units have been able to maintain smoking as a right under their contract. For this reason, DOE has been ineffective in halting public employee smoking at school. This bill seeks to address this problem and thereby protect our most precious resource, our youth, from the deleterious impacts of smoking and the effects that tobacco products have on their health and welfare.

However, upon closer inspection, your Committee notes the following concerns:

- (1) The bill prohibits smoking at any off-site sponsored function, even if it would not endanger students' health and welfare (e.g., it would prohibit smoking by a teacher alone in the teacher's hotel room during an off-island, school-sponsored event); and
- (2) Although this bill establishes civil penalties for violation of the smoking prohibition, neither the Board of Education nor the DOE is empowered to levy fines under chapter 302A, Hawaii Revised Statutes.

In light of these and other concerns, your Committee has amended this bill by:

- (1) Eliminating references to the "use of" tobacco products so that the bill pertains only to smoking;
- (2) Deleting provisions that would have established civil penalties;
- (3) Clarifying that this Act does not apply to a person who smokes during a school-sponsored function in an enclosed room that is not located on school grounds, and that is not occupied by a student while the person is smoking, such as a person's hotel room during a school-sponsored excursion; and
- (4) Making technical, nonsubstantive revisions for purposes of clarity, style, and conformity.

Your Committee concurs with the Joint Committee on Education and Health that promoting a smoke-free environment for our youngsters is in the public's best interest. Accordingly, your Committee commends the supporters of this measure for their steadfast efforts to protect our youth from the dangers of smoking, second-hand smoke, and the use of smokeless tobacco products.

However, it is essential for any proposed legislation to take into account the practical aspects of its implementation and utilization. It is your Committee's hope that the bill, as amended, will adequately address these concerns.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 248, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 248, H.D. 1.

Signed by all members of the Committee except Representatives Nakasone, Souki, Blundell and Pendleton.

SCRep. 740 Consumer Protection and Commerce/Judiciary on H.B. No. 1438

The purpose of this bill is to protect consumers from predatory lenders. The bill adds provisions to chapter 454, Hawaii Revised Statutes (HRS), which:

- (1) Apply to mortgage brokers and solicitors but exclude banks, trust companies, building and loan associations, pension trusts, credit unions, insurance companies, financial services loan companies, and federally licensed small business investment companies authorized to do business in the State;
- (2) Regulate "high cost home loans," as defined under 15 U.S.C. 1602 (aa), which are loans secured by the consumer's principal dwelling:
 - (A) Other than a residential mortgage transaction, a reverse mortgage transaction, or a transaction under an open end credit plan; and
 - (B) At 10 percent over comparable Treasury securities or in which total points and fees exceed the greater of eight percent of the total loan amount or \$400;
- (3) Require a written disclosure to borrowers that the borrower could lose their home and any equity in the home if they fail to meet obligations under the loan;
- (4) Establish a mortgage broker or solicitor's fiduciary duty to the borrower;
- (5) Prohibit mortgage brokers and solicitors from engaging in specified practices with regard to high cost home loans;
- (6) Allow application of existing chapter penalties of a \$1,000 fine, one year of imprisonment, and invalidation of the contract; and
- (7) Restrict fees, commissions, and charges on the loan transaction to those related to the actual amount of money made available to the borrower through the loan.

Testimony in support of this bill was received from the Hawaii Credit Union League and ILWU Local 142. The Department of Commerce and Consumer Affairs, Hawaii Bankers Association, and Hawaii Financial Services Association supported the intent of this bill. Testimony in opposition was submitted by the Hawaii Association of Mortgage Brokers, Kokua Council, Hawaii Coalition for Responsible Lending, Legal Aid Society of Hawaii, and a concerned individual. Mortgage Bankers Association of Hawaii provided comments.

Your Committees find that the home is the most important financial asset of Hawaii's families. Through their home, families pay for college and retirement and pass their life's earnings on to future generations. Homeowner victims of predatory lenders often place their trust in a loan arranger only to be sold a loan providing little benefit, containing unfair terms, and resulting in the loss of their home and its equity.

Your Committees have heard reports of predatory lending practices resulting in the devastating loss of homes on the island of Hawaii and on Oahu, and are aware that there is a need for meaningful remedies to deter and prevent predatory lending practices and protect Hawaii's families.

In working with the community to develop a solution for this problem, your Committees heard that predatory lending practices involve loan terms that may be abusive in some circumstances, yet legitimate and reasonable in others, making predatory loans difficult to identify and regulate.

Accordingly, your Committees heard concerns that both the original and amended versions of this bill will make useful, reasonable loans unavailable to those consumers for whom the loans may be a lifeline toward financial health. There were also concerns that both versions of this bill might have a severe, negative impact on Hawaii's legitimate loan market, on mortgage lending, and ultimately, on Hawaii's real estate market--the one bright spot in Hawaii's economy.

Upon consideration, your Committees have replaced the amended version of this bill with its original, unamended contents and have changed its effective date to July 1, 2009, to allow further discussion. As amended, the bill contains many of the same provisions of H.B. No. 1438, H.D. 1 (HD1). However, the amended bill:

- (1) Establishes a new chapter;
- (2) Applies, but is not limited to mortgage brokers and solicitors, defined in the same language as in chapter 454, HRS, without the exclusions contained in the HD1;
- (3) Applies to home loans including any mortgage on the borrower's principal dwelling place, as opposed to high cost home loans;
- (4) Provides that borrowers must be counseled by the United States Department of Housing and Urban Development for "high-cost" loans defined as mortgages falling under chapter 454, HRS, that exceed eight percent for first-lien loans, or ten percent for subordinate-lien loans, or where total points and fees exceed five percent of the total loan amount, whereas the HD1 requires counseling for all high cost loans as defined in the HD1;
- (5) Provides that violation of the chapter is an unfair method of competition of unfair or deceptive act or practice subject to penalties including a \$500 to \$10,000 fine and invalidation of the contract, and in a suit brought by a consumer, three-fold damages;
- (6) Allows the consumer to be awarded actual damages, twice the fees paid under the home loan, punitive damages, and costs and attorney's fees;
- (7) Allows mortgage brokers acting in good faith to avoid penalties through notice and appropriate restitution to the borrower; and
- (8) Removes the restriction on fees and commissions contained in the HD1.

In amending this bill to replace its contents with those of the original H.B. No. 1438, your Committees do not intend to validate or show a preference for the contents of H.B. No. 1438, which your Committees understand to be in many ways too broad and sweeping to usefully address the problem of predatory lending.

Instead, your Committees have returned to the original version of this bill to signal your Committees' intent to engage in a comprehensive discussion of all the issues raised by this matter. Your Committees do so in hopes of arriving at a workable solution that protects Hawaii's homeowners from the harsh outcome of predatory lending practices. As discussion of this matter continues, your Committees will remain mindful of the concerns of Hawaii's business community, and of the Legislature's stewardship of Hawaii's economy.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1438, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1438, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Ito, Kanoho, M. Oshiro and Pendleton.
(Representatives Finnegan and Stonebraker voted no.)

SCRep. 741 Finance on H.B. No. 75

The purpose of this bill is to:

- (1) Extend the time period for the Real Estate Commission's (Commission) review and recommended recodification of Hawaii's condominium property regimes law;
- (2) Require at least one public hearing in each county of the State regarding the draft legislation; and
- (3) Provide additional funding for the review and recodification process, including funding for a temporary condominium specialist position.

The Commission, Hawaii Association of Realtors, and the Hawaii Legislative Action Committee of the Community Associations Institute supported this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 75, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 75, H.D. 2.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 742 Finance on H.B. No. 150

The purpose of this bill is to transfer the function of the state capitol tour service from the Office of Information Practices, which is administratively attached to the Office of the Governor, to the Legislature.

Your Committee received testimony in support of this bill from a concerned individual. Testimony in opposition to the bill was submitted by the Department of Accounting and General Services.

Your Committee has amended this bill to transfer the state capitol tour service function from the Office of Information Practices to the State Foundation on Culture and the Arts, instead of to the Legislature.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 150, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 150, H.D. 2.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 743 Finance on H.B. No. 1029

The purpose of this bill is to repeal the automatic approval after a certain time period of business or development-related permits or licenses.

The Office of the Governor, Hawaii County Planning Department, Sierra Club, KAHEA: The Hawaiian-Environmental Alliance, Hawaii Audubon Society, and numerous individuals submitted testimony in support of this bill. The Land Use Research Foundation of Hawaii, Hawaii Business Roundtable, and the Estate of James Campbell submitted testimony in opposition to this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1029, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1029, H.D. 1.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 744 Finance on H.B. No. 1361

The purpose of this bill is to:

- (1) Allow the income eligibility limit for the Medicaid Prescription Drug Expansion Program (Program) to be set at any maximum income limit established by the Centers for Medicare and Medicaid Services for approval of federal funding of the program;
- (2) Clarify that pharmacies and not pharmacists be paid by the Program;
- (3) Adjust the appropriation made in Act 75, Session Laws of Hawaii 2002 (Act 75) for the Program for fiscal year 2002-2003; and
- (4) Set a sunset date for the Program of July 1, 2006.

Hawaii State Teachers Association (HSTA), HSTA-Retired, Hawaii State AFL-CIO, ILWU Local 142, and AARP Hawaii submitted testimony in support of this bill. The Department of Human Services submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Restoring the original Act 75 appropriation to the Program; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1361, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1361, H.D. 2.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.

SCRep. 745 Finance on H.B. No. 1532

The purpose of this bill is to appropriate funds for the annual celebration of Martin Luther King, Jr., Day.

The Hawaii Civil Rights Commission, Dr. Martin Luther King, Jr. Coalition-Hawaii, and a concerned citizen supported this bill.

Your Committee has amended this measure by changing the appropriations to a blank amount to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1532, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1532, H.D. 2.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 746 Finance on H.B. No. 1572

The purpose of this bill is to improve and strengthen enforcement of various provisions governing access to parking by the disabled. Among other things, this bill:

- (1) Authorizes a law enforcement officer, and, under certain conditions, a commissioned volunteer enforcement officer, to access the property of a private entity to enforce disabled parking laws;
- (2) Prohibits parking in access aisles adjacent to disabled parking stalls;
- (3) Defines "removable windshield placard" to mean a two-sided, hanger-style placard issued to a person with a disability who presents a certificate of disability that verifies that the applicant's disability is expected to last for at least four years;
- (4) Defines "temporary removable windshield placard" to mean a two-sided hanger-style placard issued to a person with a disability who presents a certificate of disability that verifies the person's disability in monthly increments, which shall not exceed six months;

- (5) Repeals certain restrictions and requirements relating to the issuance of removable windshield placards, temporary removable windshield placards, and identification cards;
- (6) Repeals the provision allowing a county to charge a replacement fee to be paid to the issuing agency when a placard is lost;
- (7) Increases the penalty for fraudulent manufacture, alteration, or use of a placard or identification card from a petty misdemeanor to a misdemeanor.
- (8) Repeals references to the international symbol of access in the section allowing vehicles displaying this symbol or special license plates, a removable windshield placard, or a temporary removable windshield placard to park in any metered parking space for a specified time without paying meter fees;
- (9) Expands the list of parking infractions involving the use or failure to use removable windshield placards, temporary removable windshield placards, or special license plates; and
- (10) Allows any citation refused by the violator to be mailed to the violator pursuant to summons or citation provisions under the Traffic Code.

Two concerned citizens supported this bill. The Honolulu Police Department and the Disability and Communication Access Board supported the intent of this bill.

Your Committee has amended this measure by:

- (1) Providing that when a citation is mailed to a violator who has refused the citation, it must be sent by certified or registered mail that is postmarked within seventy-two hours of the time of the incident, subject to certain exceptions for Saturdays, Sundays, and holidays; and
- (3) [sic] Making technical, substantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1572, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1572, H.D. 3.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 747 Finance on H.B. No. 1159

The purpose of this bill is to compensate retirees for any unreasonable delays in finalizing their pensions by:

- (1) Requiring the Employees' Retirement System (ERS) to pay interest on the amount owed retirees whose pensions are not finalized within six months following their retirement;
- (2) Requiring ERS to assess the employing agency a late fee for each month of delay in reporting pertinent information needed to finalize a retiree's pension; and
- (3) Appropriating \$150,000 to modify ERS's computer system to accommodate this change.

ERS and the Hawaii State Teachers Association testified in support of this measure. The City and County of Honolulu Department of Human Resources opposed this bill.

Your Committee has amended this bill by:

- (1) Replacing the appropriated amount with \$1 for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive amendments to conform to standard drafting conventions.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1159, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1159, H.D. 1.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 748 Finance on H.B. No. 1560

The purpose of this bill is to:

- (1) Require the Department of Land and Natural Resources (DLNR) to provide the owner of a vessel an opportunity for an administrative hearing to contest the basis for DLNR's impoundment of the vessel; and
- (2) Raise from \$250 to \$5,000 the appraised value of impounded vessels that must be sold by public auction by DLNR.

DLNR submitted testimony in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1560, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1560, H.D. 1.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 749 Finance on H.B. No. 662

The purpose of this bill is to:

- (1) Establish a permanent public body known as the Hawaii Sports Hall of Fame, headed by a board of directors (board) and administratively attached to the Department of Accounting and General Services (DAGS); and
- (2) Create the Hawaii Sports Hall of Fame Special Fund to support operations of the Hawaii Sports Hall of Fame.

The Stadium Authority submitted testimony in support of this bill. DAGS submitted comments.

Your Committee notes that in its written testimony, DAGS suggested that:

- (1) The State Comptroller be added to the board to allow DAGS to fulfil its administrative and fiscal responsibilities under the bill; and
- (2) The board should not be exempt from the concessions and procurement laws under chapters 102 and 103D, Hawaii Revised Statutes, to ensure fairness in procurement and to obtain the best value for public expenditures.

Your Committee finds that further consideration should be given to this matter.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010, to facilitate further discussion; and
- (2) Making technical nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 662, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 662, H.D. 2.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 750 Finance on H.B. No. 391

The purpose of this bill is to ensure that government employees and their dependents do not lose their health care coverage during the transition from the Hawaii Public Employees Health Fund (HPEHF) to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF).

This bill:

- (1) Extends HPEHF for one additional year, through June 30, 2004, and delays EUTF from offering health benefit plans until July 1, 2004;
- (2) Makes the employer base monthly contributions for retirees take effect retroactive to July 1, 2001, instead of July 1, 2003;
- (3) Requires the employer base composite monthly contribution for retirees to be adjusted annually beginning July 1, 2002, instead of July 1, 2004; and
- (4) Appropriates an unspecified amount out of the general fund for unanticipated and unbudgeted increases in HPEHF payments in fiscal year 2002-2003.

The Hawaii Government Employees Association and the Hawaii State Teachers Association testified in support of this measure. The Department of Budget and Finance and the City and County of Honolulu Department of Human Resources opposed this bill.

Your Committee has amended this bill by making technical, nonsubstantive amendments to correct technical drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 391, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 391, H.D. 2.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.
(Representative Moses voted no.)

SCRep. 751 Finance on H.B. No. 389

The purpose of this bill is to:

- (1) Apply the Family Leave Law to the State, any of its political subdivisions, and any instrumentality of the State or its political subdivisions;
- (2) Require an employer who provides sick leave for employees to permit employees to use up to ten days of accrued and available sick leave for family purposes in a single calendar year, except when an applicable collective bargaining agreement authorizes the use of more sick leave for family purposes; and
- (3) Clarify that an employer shall not be required to diminish an employee's accrued sick leave below the amount required under the temporary disability insurance law.

The Hawaii Government Employees Association, ILWU Local 142, International Brotherhood of Electrical Workers, and Hawaii State AFL-CIO submitted testimony in support of this bill. The State of Hawaii Organization of Police Officers submitted testimony in support of the intent of this bill. The Department of Labor and Industrial Relations, Department of Human Resources Development, Office of Collective Bargaining, Chamber of Commerce of Hawaii, Society for Human Resource Management, and the Hawaii Bankers Association submitted testimony in opposition to this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 389, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 389, H.D. 2.

Signed by all members of the Committee except Representative Shimabukuro.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 752 Finance on H.B. No. 155

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

The Hawaii Farm Bureau Federation, Hawaii Agriculture Research Center, and Pineapple Growers Association of Hawaii submitted testimony in support of this bill. The Department of Agriculture and College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa submitted testimony in support of the intent of this bill.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 155, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 155, H.D. 2.

Signed by all members of the Committee.

SCRep. 753 Finance on H.B. No. 380

The purpose of this bill is to extend, from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for the benefit of Pacific Sports Medicine and Research Center, Inc.

Wahiawa General Hospital; the Wahiawa-Central Oahu Health Center; The Wahiawa Hospital Association; Pacific Sports Medicine & Research Center, Inc.; Pyrus, Incorporated; Pacific Sportscare; Financial Resource Group, LLC; and Meritage Healthcare Strategies, LLC, submitted testimony in support of this measure. The Department of Budget and Finance recommended amendments.

Your Committee has amended this bill by:

- (1) Permitting the refunding of the authorized bonds at any appropriate time, including after the June 30, 2008, lapse date; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 380, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 380, H.D. 1.

Signed by all members of the Committee.

SCRep. 754 Finance on H.B. No. 382

The purpose of this bill is to support the development of a health care facility in Central Oahu. This bill enables the Pacific Women's Center, Inc., to construct a birthing center on Koa Ridge by extending the sunset date of June 30, 2003, to June 30, 2008, for the issuance of \$5,000,000 in special purpose revenue bonds previously authorized by Act 291, Session Laws of Hawaii 1999.

Eleven individuals testified in support of this measure. The Department of Budget and Finance (B&F) offered comments.

Your Committee has amended this bill by:

- (1) Clarifying that B&F may issue refunding special purpose revenue bonds beyond June 30, 2008; and
- (2) Specifying that the refunding special purpose revenue bonds shall apply to any refunding of special purpose revenue bonds authorized in section 2 of Act 291 regardless of whether the special purpose revenue bonds have matured or are the subject of redemption or whether the refunding special purpose revenue bonds are bonds for multi-project programs.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 382, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 382, H.D. 1.

Signed by all members of the Committee.

SCRep. 755 Finance on H.B. No. 523

The purpose of this bill is to diversify Hawaii's tourism experience by clarifying that agricultural tourism is a permissible use within the state agricultural district. This bill allows agricultural tourism activities to be conducted on working farms for the enjoyment, education, and involvement of tourists, provided that it does not interfere with surrounding farming operations.

The Department of Agriculture, Land Use Commission, and Hawaii Tourism Authority testified in support of the bill with amendments. The Office of Planning and Hawaii Agricultural Research Center supported the intent of this bill. The County of Hawaii Planning Department, Maui County Farm Bureau, Hawaii Farm Bureau Federation, and an individual offered comments.

Your Committee has amended this bill to clarify that agricultural tourism activity is accessory and secondary to the principal agricultural use. This ensures that:

- (1) The counties will continue to regulate accessory uses on agricultural lands pursuant to section 205-5(b), Hawaii Revised Statutes; and
- (2) Agriculture remains the primary activity on agricultural lands.

Technical, nonsubstantive amendments were also made to correct technical drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 523, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 523, H.D. 2.

Signed by all members of the Committee.

SCRep. 756 Finance on H.B. No. 997

The purpose of this bill is to:

- (1) Allow the Legislature to establish policies, procedures, and fees for subscription services; and
- (2) Define "subscription service" as a service by which a house of the Legislature provides a member of the public with printed sets of bills, resolutions, committee reports, hearing notices, orders of the day, referral sheets, and other printed documents and records of the Legislature.

The Chief Clerk's Office of the House of Representatives offered comments.

Your Committee recognizes the need to allow the Legislature to establish a reasonable fee for document printing services provided by the Legislature. Your Committee notes, however, that these fees may prove to be a burden on certain organizations, such as non-profit groups, who may possess limited financial resources. Your Committee notes that one compromise solution involves the provision of one set of printed legislative documents free of charge, and then assessing fees for any additional sets of documents requested. Your Committee supports future legislative efforts to address this issue.

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

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

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 757 Finance on H.B. No. 1395

The purpose of this bill is to:

- (1) Extend through the 2003-2005 fiscal biennium the authority of the Hawaii Community Development Authority (HCDA) to issue special facility revenue bonds (SFRBs);
- (2) Increase from \$20,000,000 to \$40,000,000 the amount of SFRBs that HCDA may issue; and
- (3) Amend the definition of "special facility."

The University of Hawaii and HCDA submitted testimony in support of this bill. Kajima Urban Development International, LLC, submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1395, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1395, H.D. 1.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 758 Finance on H.B. No. 1430

The purpose of this bill is to increase access to dental services by appropriating funds to the Department of Health to contract with or hire licensed dental hygienists to improve the oral health of underserved children.

A concerned individual submitted testimony in support of this measure.

Your Committee has amended this bill by:

- (1) Appropriating funds from the general fund instead of the Hawaii Tobacco Settlement Special Fund;
- (2) Reducing the appropriation amount to \$1 to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1430, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1430, H.D. 2.

Signed by all members of the Committee.

SCRep. 759 Finance on H.B. No. 1547

The purpose of this bill is to:

- (1) Amend campaign spending laws to provide alternative public funding for candidates seeking office in the Legislature who voluntarily abide by certain contribution and expenditure limits; and
- (2) Appropriate \$150,000 to the Campaign Spending Commission (Commission) for additional publicly-funded support staff.

The Interfaith Alliance, Hawaii, Advocates for Consumer Rights, Hawaii Clean Elections Coalition, and Green Party of Hawaii testified in support of this measure. The League of Women Voters of Hawaii, American Civil Liberties Union of Hawaii, and Hawaii Elections Project testified in support of the intent of this measure.

Your Committee has amended this measure by:

- (1) Changing the appropriation to the Commission for additional publicly-funded support staff from \$150,000 to \$1 for purposes of continuing further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1547, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1547, H.D. 2.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 760 Finance on H.B. No. 1506

The purpose of this bill is to enable special education teachers to devote more time to their students by appropriating funds to the Department of Education (DOE) for ISPED clerk typist positions.

The Hawaii State Teachers Association, Hawaii Government Employees' Association, and a concerned individual testified in support of this measure. DOE supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Changing the term "clerk typist" to "educational support personnel";
- (2) Reducing the appropriation amount to \$1 to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1506, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1506, H.D. 1.

Signed by all members of the Committee.

SCRep. 761 Finance on H.B. No. 403

The purpose of this bill, which applies to legislative officers appointed after June 30, 2003 is to:

- (1) Reduce the benefit formula for the legislative officer's retirement allowance from three and one-half percent to two percent; and
- (2) Apply a benefit reduction penalty for legislative officers who retire before the age of fifty-five.

The Employees' Retirement System (ERS) provided comments.

Your Committee has made technical amendments to this measure as suggested by ERS, to replace references to section 88-81(d), Hawaii Revised Statutes (HRS), with references to section 88-81(f), HRS.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 403, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 403, H.D. 1.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 762 Finance on H.B. No. 554

The purpose of this bill is to authorize any county board of water supply serving at least 500,000 persons to conduct an experimental human resources modernization project without the approval of the county's mayor.

The Honolulu Board of Water Supply and Hawaii Government Employees Association submitted testimony in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 554, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 554, H.D. 2.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 763 Finance on H.B. No. 50

The purpose of this bill is to re-establish health fund benefits to retired public employees under the Hawaii Public Employees Health Fund (HPEHF). This bill restores provisions that existed prior to the passage of Act 88, Session Laws of Hawaii 2001, which established the Hawaii Employer-Union Health Benefits Trust Fund. This bill also requires annual audits of health benefits plans of any employee organization.

The Retirees Unit of HGEA-AFSCME Local 152, AFL-CIO and the Hawaii State Retired Teachers Association testified in support of this measure. The Oahu Retired Teachers Association and one individual offered comments. The Department of Budget and Finance opposed this bill.

Your Committee has amended this bill by:

- (1) Requiring, rather than authorizing, the Board of Trustees of HPEHF to contract for various health benefits plans; and
- (2) Changing the effective date of this measure to July 1, 2010, for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 50, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 50, H.D. 2.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 764 Finance on H.B. No. 132

The purpose of this bill is to:

- (1) Require the Department of Human Resources Development (DHRD) to maintain records relating to positions, wages, gender, and other demographic information concerning state employees;
- (2) Require an examination of the records to determine whether issues of employment equity exist; and
- (3) Establish a commission to review the records generated by DHRD, and other related material, and develop recommendations to correct any gender-based pay inequities discovered.

The Hawaii State Commission on the Status of Women, Hawaii Women Lawyers, and Hawaii Women's Coalition testified in support of the measure. DHRD testified in opposition to this measure.

Your Committee has amended this bill by:

- (1) Deleting language requiring the Governor's Commission on Pay Equity to review outdated and flawed studies including the 1995 Study on Wage Equity in Public Employee Bargaining Units 1 and 10 and the 1987 study, "A Job Evaluation Study of Selected Job Classes of the State and Counties of Hawaii";
- (2) Inserting language requiring the Governor's Commission on Pay Equity to review timely data, surveys, and reports to identify contemporary information related to wage equity and job classification; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 132, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 132, H.D. 1.

Signed by all members of the Committee except Representative Shimabukuro.
(Representative Moses voted no.)

SCRep. 765 Finance on H.B. No. 510

The purpose of this bill is to establish a system of managed competition in the State and regulate the privatization of government services.

The Hawaii Government Employees Association supported the intent of this measure. The Office of Information and Practices City and County of Honolulu Department of Human Resources submitted comments.

Your Committee has amended this bill by:

- (1) Clarifying the provision governing public access to government records provided to contractors and subcontractors; and
- (2) Making technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 510, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 510, H.D. 2.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.
(Representative Moses voted no.)

SCRep. 766 Finance on H.B. No. 553

The purpose of this bill is to restore the method used to calculate an Employees' Retirement System (ERS) member's average final compensation to the formula used prior to the enactment of Act 128, Session Laws of Hawaii 2002, in addition to other clarifying amendments to the ERS law.

The ERS Board of Trustees and Hawaii State Teachers Association testified in support of this measure.

Your Committee has amended this bill by:

- (1) Not removing language that specifies that the law pertains to pensions received from the State or counties; and
- (2) Changing the effective date to July 1, 2003, except that the sections pertaining to the allowance on service retirement and average final compensation are retroactive to January 1, 2003.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 553, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 553, H.D. 2.

Signed by all members of the Committee except Representative Jernigan.
(Representatives Meyer and Moses voted no.)

SCRep. 767 Finance on H.B. No. 287

The purpose of this bill is to:

- (1) Require that a public employee convicted of a felony for conduct in violation of the employee's duties shall be terminated from the employee's position; and
- (2) Specify that a public employee terminated for this reason who is covered by a collective bargaining agreement does not have the right to file a grievance contesting the termination.

The Department of Human Resources Development, Hawaii State Ethics Commission, and League of Women Voters submitted testimony in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 287, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 287, H.D. 3.

Signed by all members of the Committee except Representative Shimabukuro.

SCRep. 768 Finance on H.B. No. 316

The purpose of this bill is to grant more flexibility to the University of Hawaii (UH) Board of Regents in financing and administering capital projects. This bill establishes a new chapter relating to University projects to replace chapter 306, Hawaii Revised Statutes.

UH testified in support of this measure.

Your Committee has amended this bill by:

- (1) Clarifying that the \$20,000,000 authorized ceiling shall not apply to any principal amount outstanding as of the date of enactment of this measure; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 316, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 316, H.D. 2.

Signed by all members of the Committee.

SCRep. 769 Finance on H.B. No. 377

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds, previously authorized by Act 279, Session Laws of Hawaii 1999, to assist Pacific Cardiac Institute, Inc., (PCII) with the financing of:

- (1) The acquisition of land for a new facility;
- (2) Plans, design, construction, and operation of a new health care facility; or
- (3) The acquisition and installation of additional capital equipment for use with PCII facilities.

Wahiawa General Hospital, Wahiawa-Central Oahu Health Center, Central-Oahu Physician Hospital Organization, The Wahiawa Hospital Association, Pacific Sports Medicine & Research Center, Inc., Pyrus, Incorporated, Pacific Sportscare, Financial Resource Group, LLC, and Meritage Healthcare Strategies, LLC, submitted testimony in support of this bill. The Department of Budget and Finance submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Authorizing the issuance of refunding special purpose revenue bonds; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 377, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 377, H.D. 1.

Signed by all members of the Committee.

SCRep. 770 Finance on H.B. No. 378

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for Pacific Community Health & Wellness, Inc., a not-for-profit Hawaii corporation developing a health care facility in Central Oahu.

The Wahiawa Hospital Association, Wahiawa General Hospital, Wahiawa-Central Oahu Health Center, Pacific Sports Medicine and Research Center, Inc., Pyrus, Inc., Pacific Sportscare, Financial Resource Group, LLC, and Meritage Health Care Strategies, LLC, testified in support of this measure. The Department of Budget and Finance testified in support of the intent of this measure.

Your Committee has amended this bill by:

- (1) Inserting language to permit the issuance of refunding special purpose revenue bonds after the June 30, 2008 special purpose revenue bond authorization lapse date; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 378, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 378, H.D. 1.

Signed by all members of the Committee.

SCRep. 771 Finance on H.B. No. 379

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds for the development of the Pacific Saging Center, Inc.

The Wahiawa General Hospital; Wahiawa-Central Oahu Health Center; The Wahiawa Hospital Association; Pacific Sports Medicine & Research Center, Inc.; Pyrus, Incorporated; Pacific Sportscare; Financial Resource Group, LLC; and Meritage Healthcare Strategies, LLC, submitted testimony in support of this measure. The Department of Budget and Finance recommended amendments.

Your Committee has amended this bill by:

- (1) Permitting the refunding of the authorized bonds at any appropriate time, including after the June 30, 2008, lapse date; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 379, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 379, H.D. 1.

Signed by all members of the Committee.

SCRep. 772 Finance on H.B. No. 381

The purpose of this bill is to extend the date, from June 30, 2003, to June 30, 2008, on which the authorization to issue special purpose revenue bonds for the benefit of Pacific Wellness Center, Inc., shall lapse.

Wahiawa General Hospital; Wahiawa-Central Oahu Health Center; The Wahiawa Hospital Association; Pacific Sports Medicine & Research Center, Inc.; Pyrus, Incorporated; Pacific Sportscare; Financial Resource Group, LLC; and Meritage Healthcare Strategies, LLC, submitted testimony in support of this measure. The Department of Budget and Finance recommended amendments.

Your Committee has amended this bill by:

- (1) Permitting the refunding of authorized bonds at any appropriate time, including after the lapse date; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 381, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 381, H.D. 1.

Signed by all members of the Committee.

SCRep. 773 Finance on H.B. No. 383

The purpose of this bill is to improve health care services on Oahu by amending Act 180, Session Laws of Hawaii 1999, (Act 180) to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds (SPRBs) for the Wahiawa-Central Oahu Health Center, Inc., (WCOHC) or a Hawaii nonprofit affiliate of WCOHC.

WCOHC, Central Oahu Physician Hospital Organization, Wahiawa General Hospital, Wahiawa Hospital Association, Pacific Sports Medicine & Research Center, Inc., Pyrus, Incorporated, Pacific Sportscare, Financial Resource Group, LLC, and Meritage Healthcare Strategies, LLC, supported this bill. The Department of Budget and Finance (B&F) offered comments.

Your Committee has amended this bill by:

- (1) Allowing B&F the authority to issue refunding SPRBs subsequent to June 30, 2008, to refund SPRBs and any refunding of SPRBs authorized, regardless of whether the outstanding SPRBs or refunding SPRBs have matured or are the subject of redemption or whether the refunding SPRBs shall be bonds for the multi-project programs described in Act 180; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 383, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 383, H.D. 1.

Signed by all members of the Committee.

SCRep. 774 Finance on H.B. No. 384

The purpose of this bill is to extend from June 30, 2003, to June 30, 2008, the authorization to issue special purpose revenue bonds to assist Wahiawa General Hospital, Inc., a not-for-profit corporation that provides health care facilities.

The Wahiawa Hospital Association, Wahiawa General Hospital, Wahiawa-Central Oahu Health Center, Pacific Sports Medicine & Research Center, Inc., Pyrus, Incorporated, Pacific Sportscare, Financial Resource Group, LLC, and Meritage Healthcare Strategies, LLC, testified in support of this measure. The Department of Budget and Finance (B&F) recommended amendments to this measure.

Your Committee has amended this bill by:

- (1) Inserting language to permit the refunding of authorized bonds, at any time appropriate, including after June 30, 2008, by B&F; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 384, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 384, H.D. 1.

Signed by all members of the Committee.

SCRep. 775 Finance on H.B. No. 1434

The purpose of this bill is to keep Hawaii's agricultural industry competitive by appropriating funds for the Hawaii Farm Bureau Federation to pursue efforts in agricultural research and market development.

The Hawaii Farm Bureau Federation, Hawaii Agriculture Research Center, Hawaii Commercial and Sugar Company/Alexander and Baldwin Inc., Hawaii Forest Industry Association, Pineapple Growers Association of Hawaii, and Jo Ann Johnston and Company testified in support of this measure. The College of Tropical Agriculture and Human Resources of the University of Hawaii supported the intent of the bill. The Board of Agriculture commented on this measure.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1434, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1434, H.D. 2.

Signed by all members of the Committee.

SCRep. 776 Finance on H.B. No. 1175

The purpose of this bill is to:

- (1) Amend various statutes to reflect the new administrative structure of the Department of Education (DOE);
- (2) Specify the duties of area superintendents;
- (3) Direct the Board of Education, rather than the Governor, to set the salary of the deputy superintendent; and
- (4) Delete the salary range for the deputy superintendent.

DOE submitted testimony in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1175, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1175, H.D. 2.

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

SCRep. 777 Finance on H.B. No. 282

The purpose of this bill is to ensure that audits of the departments, offices, and agencies of the State and its political subdivisions are conducted by an independent entity. Specifically, this bill:

- (1) Enables the Office of the Auditor (Auditor) to conduct these audits;
- (2) Provides a mechanism to preserve the State's ability to maximize the underwriting of the audits from nongeneral fund sources; and
- (3) Establishes the Audit Revolving Fund (Revolving Fund) into which fees collected for conducting audits, legislative appropriations, and interest and investment earnings credited to the assets of the Revolving Fund shall be deposited.

The Auditor testified in support of this measure. The Policy Team of the Office of the Governor, Department of Education, Department of Budget and Finance, and Department of Accounting and General Services testified in opposition to this measure.

Your Committee has amended this measure by:

- (1) Inserting language appropriating moneys from the general fund to be paid into the Revolving Fund to reflect audit costs paid from the general fund which are currently budgeted in the respective departments;
- (2) Changing the appropriation amounts to \$1 for purposes of furthering discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 282, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 282, H.D. 2.

Signed by all members of the Committee.
(Representatives Jernigan and Moses voted no.)

SCRep. 778 Finance on H.B. No. 1613

The purpose of this bill is to require the Department of Land and Natural Resources (DLNR) to institute proceedings to acquire lands adjacent to the Kohala Historical Sites State Monument (Monument) to provide access to the Monument, including Mookini Heiau.

Kamehameha Schools testified in support of this measure. Mo'okini Luakini, Inc., supported the intent of this measure and recommended amendments. DLNR opposed this measure.

Your Committee has amended this bill by clarifying that DLNR shall determine the best option to purchase or acquire the land adjacent to the Monument.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1613, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1613, H.D. 2.

Signed by all members of the Committee.

SCRep. 779 Finance on H.B. No. 413

The purpose of this bill is to increase accountability and make government more efficient by placing the Office of Elections within the Office of the Auditor, for administrative purposes only.

The League of Women Voters of Hawaii, Mestizo Association, and the American Civil Liberties Union of Hawaii testified in support of this bill. The Department of Human Resources Development commented on this bill.

Your Committee has amended this bill by:

- (1) Clarifying the language that authorizes the transfer of functions and employees from the Office of Elections to the Office of the Auditor; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 413, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 413, H.D. 2.

Signed by all members of the Committee.
(Representatives Jernigan and Moses voted no.)

SCRep. 780 Finance on H.B. No. 78

The purpose of this bill is to authorize the Housing and Community Development Corporation of Hawaii (HCDCH) to establish and manage special funds held outside of the state treasury.

HCDCH testified in support of this bill. The Department of Budget and Finance submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Restricting the establishment and management of funds held outside of the state treasury to federal funds since these are the funds that are used to administer the federal housing programs;

- (2) Specifying the types of investments that HCDCH would be authorized to invest in to secure the protection of such monies; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 78, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 78, H.D. 1.

Signed by all members of the Committee.

SCRep. 781 Finance on H.B. No. 473

The purpose of this bill is to make the Public Utilities Commission (PUC) more accessible to the public by requiring PUC to maintain a web site that includes:

- (1) All decisions and orders issued by PUC;
- (2) A list of all open dockets; and
- (3) A list of all upcoming PUC meetings.

In addition, this bill requires persons with applications before the PUC to submit the application:

- (1) Via electronic mail;
- (2) On a compact disc with a copy of the application in portable document format (PDF); or
- (3) In any other electronic format prescribed by the PUC.

The County of Kauai, Hawaii Renewable Energy Alliance, Na leo Pohai, Verizon Hawaii, Life of the Land, and a concerned citizen supported this measure. A concerned citizen supported the intent of this bill. PUC, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., offered comments.

Your Committee has amended this measure by excluding supporting documents from the requirement to submit the application via electronic mail, on a compact disc with a copy of the application in portable document format (PDF), or in any other electronic format prescribed by the PUC.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 473, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 473, H.D. 2.

Signed by all members of the Committee.

SCRep. 782 Finance on H.B. No. 925

The purpose of this bill is to protect the elderly from abuse. Specifically, this bill:

- (1) Requires the Department of Health (DOH) to conduct criminal history record checks of operators and employees of nursing facilities, intermediate care facilities, adult residential care homes, and assisted living facilities; and
- (2) Requires the Department of Human Services (DHS) to conduct criminal history record checks and adult abuse perpetrator checks on service providers who have direct contact with frail, elderly, disabled, or dependent adults receiving services in adult care facilities.

The Department of the Attorney General, DHS, ILWU Local 142, Hawaii Coalition of Care Home Administrators, Kokua Council, American Association of Retired Persons Hawaii, and a concerned individual testified in support of this measure. DOH commented on this measure.

Your Committee has amended this measure by:

- (1) Clarifying that service providers who have direct contact with frail, elderly, disabled, or dependent adults receiving their services are subject to adult abuse perpetrator checks;
- (2) Clarifying that employees of subcontractors and new employees of Medicaid waiver program or purchase of service contracted service providers must also have background checks since purchase of service contractors may also engage subcontractors to provide services;
- (3) Requiring subcontractors of Medicaid waiver program contracted service providers to provide consent to conduct a criminal history record check and an adult abuse perpetrator check and to obtain other criminal history record information for verification;
- (4) Making reference to purchase of service contracted service providers;
- (5) Changing the appropriation to \$1, effective July 1, 2003, to promote further discussion; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 925, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 925, H.D. 3.

Signed by all members of the Committee.

SCRep. 783 Finance on H.B. No. 986

The purpose of this bill is allow surviving dependent children who are eligible to receive Employees' Retirement System (ERS) death benefits until age 18, to continue to receive these benefits after the age of 18 while a full-time student or after becoming a full-time student, and so long as the child remains a full-time student, until reaching the age of 24.

ERS commented on this measure.

Your Committee has amended this measure to:

- (1) Specify that the lump sum benefit payable under section 88-84(b), Hawaii Revised Statutes (HRS), will be made to dependent children older than 18 but younger than 24 years of age who are full-time students;
- (2) Clarify that recurring benefit payments under sections 88-85, 88-163(a), and 88-286(b) and (c), HRS, to dependent children who are 18 or older but less than 24 years of age, will occur both if the child is a full-time student, or becomes a full-time student, for so long as the child remains a full-time student;
- (3) Clarify that payments under section 88-85, HRS, made to a dependent father or dependent mother will discontinue should a dependent child of 18 to less than 24 years of age later become a full-time student and become eligible for payments under the section; and
- (4) Make technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 986, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 986, H.D. 2.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 784 Finance on H.B. No. 1429

The purpose of this bill is to establish a Commission on Fatherhood (Commission) within the Office of the Governor to make recommendations and oversee policies for programs, services, and contracts that promote healthy family relationships between parents and children and that are father-friendly and inclusive.

The Office of Information Practices offered comments.

Your Committee has amended this measure by:

- (1) Deleting the open meetings provisions of the bill that were redundant of the applicable law under chapter 92, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1429, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1429, H.D. 2.

Signed by all members of the Committee.

SCRep. 785 Finance on H.B. No. 1465

The purpose of this bill is to make it more convenient for Hawaii consumers to purchase wine by:

- (1) Clarifying that unlicensed adults are not required to obtain a permit to receive shipments of liquor pursuant to the reciprocal shipping privilege; and
- (2) Increasing the number of cases of wine that may be shipped from two to ten per year.

The Wine Institute testified in support of this measure. The Hawaii Food Industry Association opposed this measure.

Your Committee has amended this bill by:

- (1) Changing the number of cases of wine that may be shipped to a blank amount; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1465, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1465, H.D. 2.

Signed by all members of the Committee.

SCRep. 786 Judiciary on H.B. No. 193

The purpose of this bill is to enhance pest control efforts by limiting landowners' liability for persons on their property to control or eradicate invasive species.

The Department of Agriculture, Department of Land and Natural Resources, Coordinating Group on Alien Pest Species, Nature Conservancy of Hawaii, and Sierra Club, Hawaii Chapter, testified in support of this bill. The Maui County Farm Bureau supported the intent of this measure. The Consumer Lawyers of Hawaii commented on this bill.

Your Committee believes this measure will improve the quality of our natural environment by encouraging landowners to allow others on their property to control pests without fear of liability.

Your Committee has amended this measure by:

- (1) Inserting its provisions into a new chapter to avoid the confusion that could result from adding it to the chapter protecting landowners from liability for recreational use;
- (2) Deleting references to "personnel or volunteers" of an eradication program because volunteers, government employees, and employees of non-profits may be involved in controlling and eradicating alien species; and
- (3) Making technical, nonsubstantive revisions for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 193, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 193, H.D. 1.

Signed by all members of the Committee except Representative Chang.

SCRep. 787 Judiciary on H.B. No. 49

The purpose of the bill is to prohibit the use of a hand-held cellular telephone while operating a motor vehicle upon a public highway, except for emergency purposes.

The Department of the Prosecuting Attorney, Hawaii Transportation Association, and Verizon Wireless provided comments.

Your Committee finds that this measure promotes driver's attention to road safety.

Your Committee has amended this bill by:

- (1) Clarifying that the regulation of operator use of a cellular telephone in a motor vehicle is expressly preempted by the state; and
- (2) Inserting a severability clause.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 49, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 49, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 788 Judiciary on H.B. No. 1214

The purpose of this bill, as introduced, is to establish a process through which the state and counties are protected from liability arising from the public's use of improved and unimproved public lands.

The Attorney General, Department of Land and Natural Resources, Office of the County Attorney of the County of Hawaii, Downhill Hawaii, Sierra Club, Hawaii Chapter, and several concerned individuals testified in support of this measure. The Consumer Lawyers of Hawaii testified in opposition to this bill.

Your Committee finds it crucial to protect the public's active enjoyment of Hawaii's scenery and natural resources.

Your Committee has amended this measure by:

- (1) Limiting its application to "improved public lands;"
- (2) Deleting provisions about the absence of the state or county's duty to warn of dangerous natural conditions on unimproved public lands, and about warnings on unimproved lands;
- (3) Deleting definitions of "lands" and "unimproved lands;"
- (4) Adding a definition of "public entity;"
- (5) Requiring rather than authorizing the risk assessment group to seek public comment on the comprehensive plan for warning of dangerous natural conditions;
- (6) Allowing the presumption that a sign, device, or other system is legally adequate warning, to continue for seven days from the time that the public entity discovers the vandalism, removal or illegibility of a warning system located near the public entrance to the area to which the warning applies;
- (7) Adding a person knowledgeable in warning sign design to the risk assessment working group; and
- (8) Providing an effective date of July 1, 2050, to ensure continued discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1214, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1214, H.D. 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 789 Judiciary on H.B. No. 85

The purpose of this measure is to require the Office of Environmental Quality Control (OEQC) to publish notices of beachfront accretion applications.

Life of the Land, Sierra Club, Hawaii Chapter and a concerned citizen testified in support of this measure. The Office of Hawaiian Affairs supported the intent of this bill.

Your Committee finds that putting the public on notice of potential conversion to private ownership of lands formed by the gradual, natural accumulation of land at the edge of the ocean serves a strong public interest in protecting access to beach and shoreline resources.

Your Committee has amended this measure by:

- (1) Adding reference to the public notice requirement established by this bill in statutory provisions governing quiet title actions and applications for land court registration for accreted lands; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 85, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 85, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 790 Judiciary on H.B. No. 1114

The purpose of this bill is to:

- (1) Improve the State's ability to collect settlement moneys under the tobacco master settlement agreement, by increasing the ability of the Attorney General (AG) to diligently enforce chapter 675, Hawaii Revised Statutes (HRS); and
- (2) Improve the ability of the AG to enforce the cigarette tax stamping and the "gray market," or export and foreign cigarette provisions of chapter 245, HRS.

The Department of the Attorney General testified in support of this bill.

Your Committee finds that this bill requires tobacco manufacturers to comply with newly established reporting requirements before they may stamp and sell cigarettes in this State. Under this bill, manufacturers must comply with the applicable tobacco laws, and report this compliance to the AG before they may stamp and sell cigarettes. Linking the ability to sell cigarettes with manufacturer reporting and compliance will encourage compliance and allow better enforcement of these laws.

This bill also enhances enforcement of tobacco laws and the ability to collect stamp tax revenues by increasing the range of tobacco distribution activities that fall within the gray market law, and amending the cigarette forfeiture provisions of the gray market statutes consistent with the forfeiture provisions of the stamp tax law.

Your Committee has amended this measure by:

- (1) Removing amendments that would have added "receive" and "acquire" to the definition of "distribute." Instead, your Committee has added "possess, keep, store, retain, transport, and offer to sell" to the activities that are unlawful with regard to export and foreign cigarettes, to clarify that one who receives or acquires these tobacco products at the end of the distribution chain falls within the prohibited conduct known as distribution; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1114, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1114, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Herkes, M. Oshiro, Sonson, Marumoto, Pendleton and Thielen.

SCRep. 791 Judiciary on H.B. No. 519

The purpose of this bill is to protect dependent elders through the establishment of the Elder Justice Act. This bill expands civil penalties for the abuse, neglect, or exploitation of elders by, among other things:

- (1) Making the person who caused personal injury, loss, or death to a dependent elder liable for three times the damages sustained by the dependent elder, plus attorneys' fees and costs; and
- (2) Exempting from the \$375,000 limit on damages for pain and suffering under section 663-8.7, Hawaii Revised Statutes, all damages awarded in cases where a dependent elder suffered personal injury or death caused by abuse or neglect.

The Department of the Prosecuting Attorney for the City and County of Honolulu, Advocates for Nursing Home Justice, American Association of Retired Persons Hawaii, Hawaii Family Forum, and three concerned individuals testified in support of the bill. The Executive Office on Aging and Christian Science Committee on Publication for Hawaii testified in support of the intent of the bill. The Hawaii Long Term Care Association offered comments.

Your Committee finds that expanded remedies are necessary to help ensure that dependent elders are protected from abuse and neglect.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 519, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 519, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 792 Judiciary on H.B. No. 385

The purpose of this bill is to prevent acts or threats of violence or harassment in the workplace by establishing a mechanism for employers to obtain temporary restraining orders (TRO) and injunctions in the District Court.

The City and County of Honolulu Department of the Prosecuting Attorney, Hawaii State Coalition Against Domestic Violence, Hawaii Hotel Association, Retail Merchants Association, Society for Human Resource Management, Hawaii Chapter, and the Chamber of Commerce of Hawaii testified in support of this bill. Domestic Violence Clearinghouse and Legal Hotline also supported this measure with amendments. The Department of Education and the Hawaii Government Employees Association supported the intent of this measure. The Office of the Public Defender offered comments. The Department of Human Resources Development expressed concerns, and ILWU Local 142 opposed this measure.

Your Committee has amended this bill by:

- (1) Placing the provisions into a new section under chapter 604, Hawaii Revised Statutes (HRS), instead of amending section 604-10.5, HRS;
- (2) Including additional definitions;
- (3) Limiting the scope of this measure to employees by deleting references to customers and guests;
- (4) Including unlawful acts and threats of violence as grounds for seeking a TRO or injunction;
- (5) Specifying the facts to be included in affidavits or statements as part of the petition seeking an ex parte TRO;
- (6) Specifying the grounds upon which the court may issue an ex parte order;
- (7) Changing the standard of proof for injunctive relief from clear and convincing evidence to preponderance of the evidence;
- (8) Clarifying that employers and employees who initiate or participate in proceedings to restrain workplace violence shall be immune from civil liability unless false statements were knowingly made or acts were made with malice; and
- (9) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 385, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 385, H.D. 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 793 Judiciary on H.B. No. 651

The purpose of this bill is to:

- (1) Render optional the Board of Medical Examiners' statutory obligation to establish standards for health care providers to follow in providing information to ensure a patient's consent to treatment is an informed consent;
- (2) Condition a health care provider's duty to supply information prior to obtaining consent to a treatment or therapeutic procedure on "general standards of medical practice" that indicate the health care provider should provide information prior to obtaining the patient's consent;
- (3) Rescind a provision holding standards established by the Board of Medical Examiners admissible as evidence of the standard of care required of a health care provider if those standards include provisions designed reasonably to inform a patient of certain enumerated items;
- (4) Reword the list of topics about which the health care provider must inform the patient;
- (5) Authorize a health care provider to withhold information if, in the judgment of the health care provider, the information would be detrimental to the patient's mental or physical health or not in the patient's best interest; and
- (6) Allow a patient (or the patient's guardian or surrogate) to decide that "all or part" of the otherwise required information need not be given.

HAPI Physicians' Indemnity Plan, the Hawaii Association of Health Plans, Hawaii Medical Association, Healthcare Association of Hawaii, Hawaii Medical Service Association, and several concerned citizens testified in support of this bill. The Consumer Lawyers of Hawaii and the Hawaii Coalition for Health testified in opposition to this bill.

This measure would replace the "patient-oriented" standard of disclosure with the "physician-oriented" standard. The patient-oriented standard "requires a physician to disclose 'what a reasonable patient needs to hear from his or her physician in order to make an informed and intelligent decision regarding treatment.'" *Carr v. Strobe*, 79 Haw. 475, 484, 904 P.2d 489, 498 (1995). The physician-oriented standard lets the physician determine the amount of risk and benefit information the patient needs to receive to make an intelligent decision regarding proposed medical treatment.

Your Committee received conflicting testimony about the impact of informed consent on medical malpractice claims. Your Committee was urged not to speculate that "claims for medical negligence should significantly increase because of the doctrine of informed consent which has been part of our law for more than thirty years." On the other hand, one physician testified that "lawsuits against Hawaii physicians for not complying with the standards for informed consent . . . [have] resulted in higher malpractice insurance premiums, which are passed on to consumers, our patients."

Your Committee was urged to replace the term "recognized serious possible risks" (called a potential "field day for attorneys" because "everything is 'possible'") with "recognized substantial risks" in the Board of Medical Examiners' rules.

The approach taken in Louisiana, where a Medical Disclosure Panel develops informed consent forms, was brought to your Committee's attention.

The 2002 Hawaii Supreme Court opinion, Barcai v. Betwee, 98 Haw. 470, 50 P.3d 946 (2002), sheds light on many concerns expressed by this bill's proponents, including the circumstances where a physician is authorized to act without a patient's informed consent.

Your Committee has not made substantive changes to this measure, and offers the foregoing to further discussion of these complex issues.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to promote further discussion; and
- (2) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 651, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 651, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 794 Judiciary on H.B. No. 807

The purpose of this bill is to enhance and clarify laws relating to the operation of a vehicle while under the influence of an intoxicant (DUI law). More specifically, this bill:

- (1) Creates a separate offense of habitually operating a vehicle under the influence of an intoxicant (habitual DUI);
- (2) Deletes the requirement that a DUI suspect be informed of the criminal and civil sanctions for driving under the influence and refusing to take an intoxicant test;
- (3) Allows the refusal of a suspect to take a chemical test to be used as evidence in a criminal trial for DUI;
- (4) Allows juvenile DUI adjudications to be considered prior to convictions; and
- (5) Includes bicycles as vehicles covered under the DUI law.

The Department of Transportation, Department of the Prosecuting Attorney of the County of Maui, and Honolulu Police Department submitted testimony in support of this bill. The Attorney General and the Department of the Prosecuting Attorney of the City and County of Honolulu submitted testimony in support of this bill with amendments. The Judiciary and the Office of the Public Defender submitted comments on this bill.

Your Committee finds that this bill will improve the current DUI law. By creating a separate habitual DUI offense, this bill will focus attention on the special status of these defendants who are the greatest risk to the public and allow the courts to take more decisive action against DUI offenders who continually put the lives of others at risk.

Your Committee has amended this bill by:

- (1) Deleting bicycles as vehicles covered under the DUI law;
- (2) Restoring the requirement that a DUI suspect be informed of the criminal and civil sanctions for driving under the influence and refusing to take an intoxicant test;
- (3) Deleting language allowing the refusal of a suspect to take a chemical test to be used as evidence in a criminal trial for DUI; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 807, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 807, H.D. 2.

Signed by all members of the Committee except Representatives Chang, M. Oshiro and Souki.

SCRep. 795 Judiciary on H.B. No. 736

The purpose of this bill is to prohibit a professional or vocational licensing board from taking adverse action based on a student loan default without first requiring an entity that administers student loans to obtain a court order that specifies the amount of the default.

The University of Hawaii testified in support of the bill and offered an amendment. The Committee on Student Loan Legislation and the Young Lawyers Division of the Hawaii State Bar Association supported the intent of the bill. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee has amended the bill by:

- (1) Limiting license sanctions to a borrower who defaults on a student loan that financed the borrower's education;
- (2) Requiring the lender who certifies the student loan default to obtain a court order that specifies the amount of the default and includes a finding that the borrower has the financial means to cure the default without undue hardship;
- (3) Permitting the licensing board to suspend a license based on a certification by the lender of a student loan;
- (4) Permitting the licensing authority for insurance producers to suspend or deny licensure due to a certification of a student loan default; and
- (5) Making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 736, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 736, H.D. 1.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 796 Judiciary on H.B. No. 43

The purpose of this bill as received is to:

- (1) Establish immunity from civil liability for a person who reports health insurance fraud except if such reports are made with malice or when the person has committed perjury; and
- (2) Amend the definition of insurance fraud under the provisions of the motor vehicle article of the Insurance Code.

The Hawaii Association of Health Plans and State Farm Insurance Company testified in support of the bill. Hawaii Medical Service Association testified in support of the bill with an amendment. The Department of Commerce and Consumer Affairs, Insurance Division testified in support of the intent of the bill and offered amendments.

Upon consideration, your Committee has amended the bill by adding the substance of the insurance fraud penalties section from the motor vehicle article of the Insurance Code to the health insurance articles, which includes immunity from civil liability for persons who report insurance fraud.

Your Committee recognizes that the amendments made to this bill, including the issue of extending insurance fraud penalties and immunities to persons who report insurance fraud to all types of insurance as well as other concerns raised, warrants further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 43, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 43, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Finnegan.

SCRep. 797 Finance on H.B. No. 1590

The purpose of this bill is to provide an alternative procedure for the Office of Veterans' Services (OVS) to pay for burial and funeral services for deceased World War II Filipino American veterans.

Specifically, this bill requires the Director of OVS, at the request of a deceased Filipino American veteran's survivor or interested party, to make payment directly to a licensed provider of mortuary or crematory services in the State for the cost of:

- (1) Providing funeral and burial services for a deceased World War II Filipino American veteran; and
- (2) Transporting the remains of a deceased World War II Filipino American Veteran to the Philippines.

The Department of Defense-OVS, WW II Fil-Am Veterans and Ladies Auxiliary Hawaii Chapter, and a concerned veteran testified in support of this measure.

Your Committee has amended this measure by requiring a "World War II Filipino American veteran" to have been a resident of the State of Hawaii at the time of the veteran's death to be eligible for the benefits of this Act.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1590, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1590, H.D. 2.

Signed by all members of the Committee.

SCRep. 798 Finance on H.B. No. 914

The purpose of this bill, as received, is to assist adult residential care home operators, including expanded adult residential care home and community care foster family home operators, with the high costs of insurance related to caring for clients.

Specifically, this bill establishes:

- (1) The Adult Residential Care Homes Liability Insurance Premium and Claims Payment Special Fund within the Department of Health (DOH); and
- (2) The Foster Family Home Liability Insurance Premium and Claims Payment Special Fund within the Department of Human Services (DHS).

In addition, the bill authorizes unannounced annual inspections of adult residential care homes, expanded adult residential care homes, and community care foster family homes.

The Hawaii Coalition of Care Home Administrators testified in support of this measure. The United Group of Home Operators testified in support of the intent of this measure. The Department of Budget and Finance, DOH, DHS, Hawaii Long Term Care Association, Kokua Council, National Association of Social Workers, and State Long Term Care Ombudsman testified in opposition to this measure except for the portion regarding unannounced inspections of adult residential care homes.

Your Committee has amended this bill by deleting all references to liability insurance premium and claims payment. As amended, this bill:

- (1) Allows DOH to conduct unannounced annual inspections of adult residential care homes or expanded adult residential care homes;

- (2) Allows DHS to conduct unannounced annual inspections of community care foster family homes; and
- (3) Requires the Directors of Health and Human Services to adopt rules to effectuate these purposes.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 914, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 914, H.D. 2.

Signed by all members of the Committee.

SCRep. 799 Finance on H.B. No. 507

The purpose of this bill is to enable a licensed Emergency Medical Technician (EMT) employed with the City and County of Honolulu's Emergency Services Department (C&C) to retire after 25 years of service, regardless of the EMT's age.

The Honolulu Paramedic Association, several paramedics, and others testified in support of this measure. The Department of Health and a concerned paramedic testified in support of the intent of this measure. The Department of Budget and Finance (B&F) and a number of concerned citizens testified in opposition to this bill. The Employees' Retirement System (ERS) commented on this measure.

Your Committee recognizes that EMTs are often placed in physically and emotionally demanding situations similar to that of other public safety personnel. However, your Committee has some concerns regarding this measure.

According to the C&C, it takes the Kapiolani Community College (KCC) approximately one and a-half years to train an advanced level care paramedic. Currently, KCC trains, on average, five mobile intensive care technicians per year. This graduation rate has severely impacted the C&C's ability to hire additional paramedics and reduce its shortfall of trained personnel.

Therefore, due to this low annual turnout of qualified and properly trained paramedics, it is apparent that although the C&C assured the Committee on Finance that attrition would not be a factor if this bill passed, there may be additional costs down the road. Even if a few EMTs were to retire because of this measure, costs to provide services will probably increase through growing overtime costs, affecting the state budget.

Moreover, B&F and the ERS Administrator expressed concerns regarding the cost impact on employers and on the ERS' unfunded liability.

Your Committee has amended this measure by changing the effective date to July 1, 2010.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 507, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 507, H.D. 3.

Signed by all members of the Committee.

SCRep. 800 Finance on H.B. No. 422

The purpose of this bill is to address the worldwide shortage of nurses by establishing a Center for Nursing at the University of Hawaii (Center).

The University of Hawaii School of Nursing and Dental Hygiene, Hawaii Government Employees Association, Healthcare Association of Hawaii, and a concerned individual submitted testimony in support of this bill. The Board of Nursing and Hawaii Nurses' Association (HNA) submitted testimony in support of the intent of this measure. The Department of Budget and Finance and the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs commented on this bill.

After careful consideration of the amendments proposed by HNA, your Committee has amended this measure by:

- (1) Replacing the Center's Board of Directors with an advisory board made up of:
 - (A) Five instead of four members, from the business and labor community, with specified representation;
 - (B) Five instead of four members, from the nursing profession, with specified representation;
 - (C) Two members from the State's nurse educators, with doctoral qualifications; and
 - (D) Three members from community agencies or consumer groups with an interest in healthcare;
- (2) Clarifying that one of the two staff positions of the advisory board shall be an independent doctorally-prepared nurse researcher;
- (3) Restating in non general terms, the functions of the Center;
- (4) Replacing the requirement that ten percent of the fees collected under chapter 457, Hawaii Revised Statutes, be deposited in the Center for Nursing Special Fund (Special Fund), with the requirement that other funding sources, such as federal and private grants and legislative appropriations be deposited; and
- (5) Requiring nurses who are issued a new license and at each license renewal to pay an additional unspecified fee until June 30, 2005, that will be deposited into the Special Fund.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 422, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 422, H.D. 2.

Signed by all members of the Committee.

SCRep. 801 Finance on H.B. No. 948

The purpose of this bill is to enable working families in federal low-income housing to retain a greater percentage of its income to help make ends meet.

This bill requires the Housing and Community Development Corporation of Hawaii (HCDCH) to deduct 25 percent of a family's earned income that would otherwise be counted when calculating its rent for housing accommodations.

Island Tenants on the Rise and two individuals testified in support of this bill. HCDCH opposed this measure. Your Committee also received petitions supporting this bill signed by 42 individuals.

While supportive of working families struggling to meet the expenses of rent, your Committee is also cognizant of the costs associated with an indefinite income disregard. Your Committee finds that this issue merits continued discussion and has amended this bill by:

- (1) Changing the effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 948, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 948, H.D. 3.

Signed by all members of the Committee except and Representative.
(Representative Jernigan voted no.)

SCRep. 802 Judiciary on H.B. No. 1496

The purpose of this bill is to limit loud motor vehicle back-up beeper noises by:

- (1) Providing drivers with the option of turning off audible reverse warning systems between the hours of 10:00 p.m. and 6:00 a.m., provided that the vehicle is guided by another person who is positioned behind the vehicle with a clear view of both the vehicle's rearward path and the driver; and
- (2) Requiring that any switch permitting the audible reverse warning system to be manually disengaged shall automatically turn off after a fixed period of time as specified by rule and automatically re-engage the audible reverse warning system.

One individual testified in support of this bill. The Department of Transportation and Honolulu Police Department supported the intent of this bill.

Your Committee believes that for safety reasons, a disengaged audible reverse warning system should automatically re-engage after a fixed period of time set by administrative rules.

Your Committee has amended this bill by:

- (1) Requiring the "fixed period of time" after which the audible reverse warning system shall automatically re-engage to be specified in the administrative rules;
- (2) Requiring rather than authorizing the Department of Transportation to adopt rules; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1496, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1496, H.D. 2.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 803 Judiciary on H.B. No. 993

The purpose of the bill is to prevent the application of the reconstructed vehicle law to counties with a population under 500,000 that have or will have ordinances regulating the inspection and certification of reconstructed vehicles.

A concerned individual testified in support of this measure. The Department of Transportation and Department of Customer Services for the City and County of Honolulu testified in opposition to this measure.

Your Committee finds that counties with smaller populations than the City and County of Honolulu should not be required to comply with the reconstructed vehicle law unless those counties adopt ordinances regulating inspection and certification of reconstructed vehicles.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 993 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 804 Judiciary on H.B. No. 1220

The purpose of this bill is to allow the administrative secretary of the Hawaii Paroling Authority (HPA) to designate a representative to issue warrants of arrest relating to parole violators. This would allow quicker apprehension of parole violators who pose a risk to the public.

HPA testified in support of this measure.

At the moment, only the Administrative Secretary can issue arrest warrants ordering the return to custody of parole violators. This bill would allow for more efficient and timely issuing of such warrants in the absence of the administrative secretary which consequently improves the safety of the public.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1220 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 805 Judiciary on H.B. No. 1234

The purpose of the bill is to extend reciprocity to persons with a valid commercial driver's license (CDL) issued by a state or Canadian province.

The Department of Transportation and Department of Customer Services of the City and County of Honolulu testified in support of this measure.

Your Committee finds that this measure will allow commercial drivers already licensed in other jurisdictions to be recognized in this state.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1236 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 806 Judiciary on H.B. No. 1235

The purpose of this bill is to eliminate the use of Social Security numbers on Hawaii commercial driver's licenses.

The Department of Transportation and the City & County of Honolulu Department of Customer Services testified in support of this measure.

Your Committee finds that the Social Security number is no longer necessary since the new driver license numbering system took effect January 1, 2001.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1235 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 807 Finance on H.B. No. 1236

The purpose of the bill is to extend reciprocity to persons with a valid commercial driver's license (CDL) issued by a state or Canadian province.

The Department of Transportation and Department of Customer Services of the City and County of Honolulu testified in support of this measure.

Your Committee finds that this measure will allow commercial drivers already licensed in other jurisdictions to be recognized in this state.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1236 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Souki.

SCRep. 808 Finance on H.B. No. 293

The purpose of this bill is to appropriate funds for the Department of Agriculture (DOA) to study the feasibility of establishing a world class farmers' market.

The Hawaii Farm Bureau Federation, Hawaii Agriculture Research Center, Hawaii Aquaculture Association, Meadow Gold Dairies, and Pineapple Growers Association of Hawaii submitted testimony in support of this bill. DOA and the Hawaii Community Development Authority submitted testimony in support of the intent of this bill.

Your Committee finds that the concept of a world-class farmers' market in Hawaii is one that is worth exploring. However, your Committee notes that while it may serve a useful purpose as a marketing asset and attraction for the State, a farmers' market may not provide the entire "agricultural experience" as is provided by agritourism venues. Your Committee therefore hopes that a good balance can be established between the commercial and farm-oriented aspects of agricultural marketing to effectively and accurately represent our agricultural industry.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 293, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 809 Finance on H.B. No. 1116

The purpose of this bill is to bring the State into compliance with the federal Violence Against Women Act by exempting persons subjected to abuse by a household member, stalking, or sexual assault from certain court filing fees and costs.

The Department of the Attorney General supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1116, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 810 Finance on H.B. No. 631

The purpose of this bill is to make an appropriation for the Hawaiian Immersion Program to ensure that the quality of education children receive under this program continues to match the content and quality of the regular public school curriculum.

Hui Ho'oulu, Inc., and a concerned citizen testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 631 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 811 Finance on H.B. No. 317

The purpose of this bill is to safeguard retirement benefits of current and future faculty members and lecturers of the University of Hawaii system (UH) by:

- (1) Allowing membership into the Employees' Retirement System (ERS) for faculty members or lecturers of the UH system with multiple part-time appointments who meet eligibility requirements;
- (2) Statutorily providing ERS membership benefits for existing and former faculty members or lecturers who hold or held multiple part-time appointments prior to the effective date of this Act and who were reported by UH as eligible for membership; and
- (3) Providing ERS membership eligibility to faculty and lecturers employed on one or more UH campuses who hold multiple part-time appointments that aggregate to at least one-half of a full-time equivalent position.

UH, ERS, and the Hawaii Government Employees Association submitted testimony in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 317, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 812 Finance on H.B. No. 1212

The purpose of this bill is to facilitate exchanges of public land for private land by changing the sequence of the disposition process. Specifically, this bill:

- (1) Establishes that any exchange of public land for private land shall be subject to disapproval by the Legislature following the date of the Board of Land and Natural Resources' (Board) approval in principle of the exchange; and
- (2) Clarifies that the Department of Land and Natural Resources (DLNR) shall submit to the Legislature a resolution for review of action on any exchange to be consummated by the Board wherein exchange deeds will be executed by the parties.

DLNR supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1212, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 813 Finance on H.B. No. 1153

The purpose of this bill is to provide the Public Utilities Commission (PUC) with more flexibility in administering and providing intrastate telecommunications relay services for persons with hearing and speech disabilities.

PUC, the Consumer Advocate, and two individuals submitted testimony in support of this bill. Assistive Technology Resource Centers of Hawaii submitted testimony in support of this bill with amendments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1153, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 814 Finance on H.B. No. 1021

The purpose of this bill is to allow the University of Hawaii (UH) Board of Regents to operate New Century Charter Schools that use Hawaiian as their primary language and establish the basis for a laboratory school program in the College of Hawaiian Language at UH-Hilo.

Ke Kula O Samuel M. Kamakau Laboratory Public Charter School testified in support of this measure. The Hawaii Government Employees Association and a concerned citizen testified in support of the intent of this measure. The Department of Education and Board of Education testified in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1021, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 815 Finance on H.B. No. 1412

The purpose of this bill is to recognize professional counselors and provide them parity with other mental health professionals by, among other things:

- (1) Establishing a Professional Counselors Licensing Program (Licensing Program);
- (2) Setting standards in education and experience to qualify for licensure;
- (3) Requiring licensure for those who hold themselves out to the public as a professional counselor;
- (4) Providing penalties for those who use the title of "licensed professional counselor" without first having secured a license;
- (5) Ensuring that the communications disclosed during professional counseling services remain confidential and privileged;
- (6) Prohibiting professional counselors from having to testify in alimony and divorce actions; and
- (7) Establishing a temporary Professional Counselors Licensing Program Startup Trust Fund to receive gifts, bequests, and other contributions of money for the initial costs of implementing the Program.

The National Association of Social Workers, Child & Family Service, Hawaii Rehabilitation Counseling Association, Hale Opio Kauai, Inc., Kaiser Permanente, Lynn C. Fox & Associates, Inc., Hawaii Youth Services Network, Hawaii Vocational Services, Sestak Rehabilitation Services, Christian Science Committee on Publication for Hawaii, H.S.C.A, and several individuals testified in support of this bill.

The Hawaii Government Employees Association, Clinical Social Work Society of Hawaii, and an individual supported the intent of this bill.

The Department of Commerce and Consumer Affairs Professional and Vocational Licensing Division, and several individuals opposed this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1412, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 816 Finance on H.B. No. 295

The purpose of this bill is to establish the Ceded Lands Resolution Taskforce, composed of members of the legislature, to work with the Office of Hawaiian Affairs (OHA) to resolve the issue of just payment.

OHA supported the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 295, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 817 Finance on H.B. No. 21

The purpose of this bill is to ensure that different types of tax breaks are achieving their intended objectives by creating a mechanism for the State to monitor the effectiveness of various forms of development assistance made to stimulate economic development, including tax credits, tax discounts, loan guarantees, industrial development bonds, enterprise zones, and tax increment financing.

Among other things, this bill requires:

- (1) The Department of Taxation (DOTAX) to develop a detailed tax expenditure budget that identifies uncollected revenues due to various forms of tax credits;
- (2) The counties to develop a registry to disclose property tax reductions and abatements;
- (3) The Department of Business, Economic Development, and Tourism to develop a form for on-budget development assistance for use by all granting bodies; and
- (4) All granting bodies, when considering development assistance applications, to perform certain analyses concerning projected wages and benefits.

The Hawaii State AFL-CIO testified in support of this measure. DOTAX and Tax Foundation of Hawaii offered comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 21, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 818 Finance on H.B. No. 1003

The purpose of this bill is to amend the Crime Victim Compensation Commission (Commission) law by:

- (1) Requiring that restitution for victims who cannot be located to be deposited into the Crime Victim Compensation Fund;
- (2) Allowing the Commission to transfer a minor's compensation to an appropriate agency or individual;
- (3) Authorizing the Commission to order the payment of compensation for mental health services incurred by surviving relatives in cases involving a death or sexual assault;
- (4) Authorizing the Commission to order the payment of compensation, for mental health services incurred by a child witness or witness who is sixty years or older involving a violent crime; and
- (5) Recognizing compensation as "acknowledgment awards" in place of "pain and suffering" compensation.

The Commission, City and County of Honolulu Department of the Prosecuting Attorney, Sex Abuse Treatment Center, and Mothers Against Drunk Driving testified in support of this measure. The Office of Information Practices submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1003, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 819 Finance on H.B. No. 176

The purpose of this bill is to expand the Weed and Seed program by authorizing the Department of Public Safety (DPS) to contract with a nonprofit corporation for a variety of functions.

The Honolulu Police Department, Downtown Neighborhood Board No. 18, Meadow Gold Dairies, and a concerned citizen testified in support of this measure. Weed and Seed Hawaii Strategy supported the intent of this measure. DPS testified in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 176, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 820 Finance on H.B. No. 1127

The purpose of this bill is to ensure that the Department of Business, Economic Development, and Tourism (DBEDT) has sufficient time to complete the comprehensive review and analysis of the price cap mechanism and policy options to lower Hawaii's gasoline prices by extending the deadline to complete this study to twenty days prior to the Regular Session of 2004.

DBEDT testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1127, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1127, H.D. 2.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 821 Finance on H.B. No. 756

The purpose of this bill is to establish a provision for automatic recount of votes in close election races.

The Office of Elections, ACLU-Hawaii, and a concerned individual testified in support of this measure. The League of Women Voters supported the intent of this measure.

Your Committee has amended this bill by requiring that in contests of recounts of close races, a complaint be filed in the Office of the Clerk of the Supreme Court:

- (1) No later than 4:30 p.m. on the sixth day after completion of the recount in primary election contests; and
- (2) No later than 4:30 p.m. on the twentieth day after completion of the recount in general or special election contests.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 756, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 756, H.D. 2.

Signed by all members of the Committee.

SCRep. 822 Finance on H.B. No. 1111

The purpose of this bill is to appropriate funds to satisfy claims against the State for refunds of taxes, judgments, settlements, and miscellaneous claims.

The Department of the Attorney General testified in support of this measure.

Your Committee has amended this measure by:

- (1) Including seven additional claims totaling \$604,138.09, that have been resolved since the passage of H.B. No. 1111, H.D. 1;
- (2) Adding language to reflect the funding source for the judgement in Maalaea Slip 69, Inc. dba Rascal Charters v. Department of Land and Natural Resources, Civil No. 01-1-0421(1), Second Circuit; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1111, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1111, H.D. 2.

Signed by all members of the Committee except Representative Meyer.

SCRep. 823 Finance on H.B. No. 1498

The purpose of this bill is to appropriate funds to provide emergency medical air helicopter services for residents of the county of Maui.

The Mayor of the County of Maui, Hawaii Health Systems Corporation (HHSC), Molokai General Hospital, HHSC Maui Region, Maui Memorial Medical Center, Maui Management Advisory Group, Hana Community Health Center, Healthcare Association of Hawaii, Maui Economic Opportunity, Inc., Friends of Maui Memorial Medical Center, several Maui County councilmembers, and numerous concerned individuals testified in support of this measure. The Department of Health and Hawaii Air Ambulance supported the intent of this measure, with amendments.

Your Committee has amended this bill by specifying that the services will be provided intra-county and that the appropriation is contingent upon:

- (1) The services being provided only in emergency situations where current fixed-wing operations are unable to provide appropriate service;
- (2) The intra-county services and crew being based at the Maui Memorial Medical Center; and
- (3) The county of Maui matching an equal or greater amount to share the cost for the services.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1498, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1498, H.D. 1.

Signed by all members of the Committee except Representative Meyer.

SCRep. 824 Finance on H.B. No. 32

The purpose of this bill is to require the Board of Education (BOE) to conduct a community meeting at each complex area at least two times per year.

BOE and the Hawaii Government Employees Association submitted testimony in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 32, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Karamatsu, Waters, Bukoski and Meyer.
(Representatives Jernigan and Moses voted no.)

SCRep. 825 Finance on H.B. No. 281

The purpose of this bill is to transfer control over management and funding for school repair and maintenance to the Department of Education (DOE).

DOE submitted testimony in support of this bill. The Department of Accounting and General Services (DAGS) and Hawaii State Teachers Association submitted testimony in support of the intent of this bill.

Your Committee finds that the intent of this legislation is to provide DOE with control over the prioritization of school repair and maintenance projects which are to be implemented by DAGS. Under this arrangement, it would be more appropriate for DAGS to remain the expending agency for school repair and maintenance as DAGS has the personnel and infrastructure to execute these projects.

Your Committee has amended this bill by:

- (1) Restoring DAGS as the expending agency for school repair and maintenance;
- (2) Restoring related functions of DAGS as the expending agency; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 281, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 281, H.D. 1.

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

SCRep. 826 Finance on H.B. No. 289

The purpose of this bill is to enhance the performance of our schools by decentralizing certain aspects of educational governance. This bill:

- (1) Decentralizes administrative authority to complex areas that encompass multiple school complexes; and
- (2) Establishes advisory boards to be appointed by the Board of Education (BOE). Each board would serve a single complex area.

The Department of Education (DOE), BOE, and Hawaii Business Roundtable testified in support of this bill. The Hawaii State Teachers Association and the Hawaii Government Employees Association supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Replacing references to advisory boards with complex area school councils (councils);
- (2) Requiring rather than authorizing the Superintendent to:
 - (a) Organize DOE into complex areas consisting of multiple school complexes;
 - (b) Establish administrative units to provide administrative support to the schools; and
 - (c) Establish councils to serve regions to be determined by the Superintendent;
- (3) Requiring that there shall be the same number of councils as complex areas;
- (4) Specifying that the composition of the seven-member council shall include at least one student, one parent, and one teacher;
- (5) Specifying that the rules established by BOE shall address the operation and scope of the councils and the nomination of its members;
- (6) Requiring the councils to perform a variety of duties including the following:
 - (a) Conduct community meetings;
 - (b) Coordinate with and receive input from teachers, administrators, students, and other educational stakeholders;
 - (c) Perform informal assessments of complex area superintendents;
 - (d) Forward a priority list of capital improvement projects within each complex area to BOE;
 - (e) Prioritize repair and maintenance projects and expend aggregated discretionary funds for these projects; and
 - (f) Manage block grants or other funding provided for schools within each complex area;
 and
- (7) Making technical, nonsubstantive amendments for purposes of consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 289, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 289, H.D. 2.

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

SCRep. 827 Finance on H.B. No. 292

The purpose of this bill is to:

- (1) Create the School Priority Special Fund (Special Fund) to provide discretionary funds for public schools to purchase books, equipment, and supplies; and
- (2) Appropriate moneys into the Special Fund.

The Department of Education (DOE) and the Hawaii State Teachers Association submitted testimony in support of the intent of this bill. The Department of Budget and Finance submitted testimony in opposition to this bill.

Your Committee has amended this bill by:

- (1) Deleting the Special Fund and the appropriation into the Special Fund;
- (2) Appropriating general funds to DOE to provide discretionary funds for public schools to purchase books, equipment, and supplies; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 292, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 292, H.D. 2.

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

SCRep. 828 Finance on H.B. No. 714

The purpose of this bill is to:

- (1) Remove the Department of Education (DOE) as a principal department of the State;
- (2) Repeal the State Educational Facilities Improvement Special Fund (Special Fund) and require transfer of the moneys in the Special Fund to the credit of the general fund; and
- (3) Establish an educational restructuring and transition committee to review the structure of DOE and make recommendations to the Board of Education (BOE) and the Legislature on the implementation and transition of DOE to a political subdivision.

The Koolau News submitted testimony in support of this bill. BOE submitted testimony in support of the intent of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 714, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 714, H.D. 1.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 829 Finance on H.B. No. 907

The purpose of this bill is to:

- (1) Extend the sunset date of Act 273, Session Laws of Hawaii 2001, to June 30, 2005, to provide for continued certification of community care foster family homes by home- and community-based case management agencies licensed by the Department of Human Services (DHS); and
- (2) Require DHS to submit a report to the Legislature detailing:
 - (A) The cost-effectiveness and administration of the certification process of community care foster family homes; and
 - (B) The possibility of integrating or consolidating the classification of community care foster family homes with adult residential care homes.

DHS supported this bill. Hawaii Coalition of Care Home Administrators and seven concerned citizens opposed this bill.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2010 to further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 907, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 907, H.D. 2.

Signed by all members of the Committee.

SCRep. 830 Finance on H.B. No. 1013

The purpose of this bill is to expedite resolution of workers' compensation permanent impairment determinations by requiring the employer and employee to mutually agree upon the impairment examiner. In cases where the employer and employee do not agree, the Director of Labor and Industrial Relations would appoint an examiner from a list of qualified examiners.

The ILWU Local 142 and Consumer Lawyers of Hawaii testified in support of this measure. The Department of Labor and Industrial Relations, Chamber of Commerce of Hawaii, Hawaii Insurers Council, Academy of Independent Medical Examiners of Hawaii, and an individual opposed this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1013, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1013, H.D. 3.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 831 Finance on H.B. No. 550

The purpose of this bill is to quickly meet the health care needs of Hawaii residents by fast-tracking the development of the Pacific Health Community Project (Project) in Wahiawa. More specifically, this bill would exempt the Project from the state and county approval processes and extend the authorization to issue special purpose revenue bonds for the Project to June 30, 2008.

St. Francis Healthcare System of Hawaii supported the intent of this bill. The Department of Budget and Finance and the Healthcare Association of Hawaii commented on this bill. The Department of Planning and Permitting of the City and County of Honolulu opposed this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 550, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 832 Finance on H.B. No. 551

The purpose of this bill is to exempt a master planned health care center and retirement community located in Wahiawa from the certificate of need process.

The Wahiawa-Central Oahu Health Center submitted testimony in support of this measure. The Wahiawa General Hospital, Wahiawa Hospital Association, Pyrus, Incorporated, and Pacific SportsCare supported this measure with amendments. The Hawaii Disability Rights Center, Healthcare Association of Hawaii, Hawaii Long Term Care Association, and St. Francis Healthcare System of Hawaii opposed this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 551, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 551, H.D. 2.

Signed by all members of the Committee.
(Representatives Meyer and Moses voted no.)

SCRep. 833 Finance on H.B. No. 298

The purpose of this bill is to address the need for additional correctional facilities by directing the Governor to negotiate the development of private, in-state correctional facilities with a private entity on the undeveloped portion of the Halawa correctional facility site.

The Department of Public Safety provided comments on this measure.

Your Committee has amended this bill by:

- (1) Directing the Executive Branch to initiate the development process of the new correctional facility instead of the Governor;
- (2) Requiring soil tests as part of the development process; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 298, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 298, H.D. 2.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 834 Finance on H.B. No. 857

The purpose of this bill is to ensure public participation in the development of correctional facilities by requiring that:

- (1) During the site selection process, the Governor must notify the public of each proposed site and accept public comments for at least 60 days following notification;
- (2) The Governor must notify the public of any:
 - (a) Actions to expand the inmate capacity of an existing correctional facility; or
 - (b) Capital improvement project at an existing correctional facility with a cost greater than \$500,000;
 and accept public comments for at least 60 days following notification;

and
- (3) These public comment periods shall run concurrent with any review and public comment period for an environmental assessment or environmental impact statement.

The Community Alliance on Prisons submitted testimony in support of this measure. The Hawaii Government Employees Association supported this measure with an amendment. The Department of Public Safety opposed this measure. The Office of the Lieutenant Governor and Department of Accounting and General Services submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 857 and recommends that it pass Third Reading.

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

SCRep. 835 Finance on H.B. No. 1075

The purpose of this bill is to require the Department of Transportation (DOT), in conjunction with both the Oahu Metropolitan Planning Organization and the City and County of Honolulu, to develop an action plan for the implementation of a fixed rail transit system on Oahu.

Life of the Land testified in opposition to this bill. DOT and the Department of Transportation Services of the City and County of Honolulu commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1075, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Meyer.

SCRep. 836 Finance on H.B. No. 1579

The purpose of this bill is to coordinate the State's efforts at economic diversification by establishing the Economic Diversification Authority (EDA) within the Department of Business, Economic Development, and Tourism.

Specifically, this bill requires the EDA to, among other things:

- (1) Create a vision and develop a long-range plan for economic diversification in Hawaii;
- (2) Develop, coordinate, and implement state policies and directions for economic diversification and related activities;
- (3) Conduct market development-related research as necessary;
- (4) Work to eliminate or reduce barriers to economic diversification in the State;
- (5) Establish a public information and educational program to inform the public about economic diversification;
- (6) Foster increased collaboration and dialogue among the agencies represented on the board of directors of the EDA; and
- (7) Submit annual reports of its activities and proposed legislation to implement its economic diversification plan to the Governor and Legislature.

The Sierra Club, Hawaii Chapter, supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1579, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Meyer.

SCRep. 837 Finance on H.B. No. 18

The purpose of this bill is to establish fiduciary duties and obligations for pharmaceutical benefit management companies that administer or manage prescription drug benefit coverage to their clients.

The Hawaii State AFL-CIO submitted testimony in support of this measure. Caremark Inc., AdvancePCS, and Medco Health Solutions, Inc., opposed this measure. Ogawa & Associates submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 18 and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Meyer and Moses voted no.)

SCRep. 838 Finance on H.B. No. 189

The purpose of this bill is to assist sexual assault survivors seeking treatment at hospitals by requiring hospitals to:

- (1) Provide information on emergency contraceptives to sexual assault survivors; and
- (2) Offer and provide emergency contraceptives to sexual assault survivors.

The Hawaii State Commission on the Status of Women, Community Alliance on Prisons, Sex Abuse Treatment Center, Planned Parenthood of Hawaii, and First Unitarian Church of Honolulu testified in support of this measure. The Roman Catholic Church in the State of Hawaii, St. Francis Healthcare System of Hawaii, American Center for Law and Justice of Hawaii, and Pro-Family Hawaii testified in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 189, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Jernigan, Meyer and Moses voted no.)

SCRep. 839 Finance on H.B. No. 1230

The purpose of this bill is to:

- (1) Provide the Department of Transportation (DOT) with the authority to collect passenger facility charges (PFCs) and use this revenue to finance costs related to capital improvement projects at state airports; and
- (2) Establish the Passenger Facility Charge Special Fund.

DOT, Department of Budget and Finance, and the Airlines Committee of Hawaii submitted testimony in support of this measure.

Your Committee finds that legislation is not necessary for the establishment of PFCs since the Executive Branch is already permitted to establish them under federal law. However, should the Governor exercise discretion to establish PFCs, a special fund may be necessary to manage the revenues from the new fees. In moving this measure in its amended form, your Committee is merely creating a fund into which such fees may be deposited. It is not the intent of your Committee to establish PFCs, nor to urge the Governor to do so.

Your Committee has amended this bill by:

- (1) Deleting the provision for the establishment of PFCs; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1230, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1230, H.D. 1.

Signed by all members of the Committee.

SCRep. 840 Finance on H.B. No. 426

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to issue new leases for certain parcels of land on Kauai.

Kauai Beachfront Hotel, LLC, submitted testimony in support of this bill. DLNR submitted testimony in opposition to this bill.

Your Committee has amended this bill by authorizing DLNR to issue new leases for all general leases in Kokee.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 426, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 426, H.D. 1.

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

SCRep. 841 Finance on H.B. No. 968

The purpose of this bill is to encourage eligible claimants of unemployment insurance to seek gainful employment by permitting claimants to receive their weekly benefit amount without reductions for wages payable to the claimant.

ILWU Local 142, Hawaii State AFL-CIO, and the Hotel Employees and Restaurant Employees Union Local 5 AFL-CIO supported this bill. The Department of Labor and Industrial Relations supported the intent of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 968, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 968, H.D. 1.

Signed by all members of the Committee except Representative Jernigan.
(Representatives Meyer and Moses voted no.)

SCRep. 842 Finance on H.B. No. 641

The purpose of this bill is to resolve disparate practices, inconsistencies, and duplicative language relating to the conduct of criminal history record checks for employment, certification, and licensing of individuals. This bill implements the recommendations of the Criminal History Record Check Working Group that was established by Act 263, Session Laws of Hawaii 2001.

Testimony in support of this measure was received from: the Judiciary; Department of the Attorney General; Department of Education; Department of Human Services; Department of Human Resources Development; Hawaii Civil Rights Commission; the Chamber of Commerce of Hawaii; Kokua Council; Society for Human Resource Management - Hawaii Chapter; Hawaii Association of Independent Schools; and the City and County of Honolulu Department of Human Resources. The Community Associations Institute, Hawaii Chapter, expressed concerns, and the Hawaii Government Employees Association opposed this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 641, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 641, H.D. 3.

Signed by all members of the Committee except Representatives Takamine, Shimabukuro and Jernigan.

SCRep. 843 Finance on H.B. No. 339

The purpose of this bill is to establish a refundable College Savings Program Tax Credit (Tax Credit) based on contributions made on or after January 1, 2006, and before January 1, 2011, to the account of a designated beneficiary under the Hawaii College Savings Program.

The University of Hawaii supported the intent of this bill. The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Deleting all percentages and adjusted gross income values in the Tax Credit schedules to promote further discussion;
- (2) Establishing a tax credit schedule for taxpayers filing as heads of households;
- (3) Making the Tax Credit nonrefundable; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 339, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 339, H.D. 2.

Signed by all members of the Committee.

SCRep. 844 Finance on H.B. No. 196

The purpose of this bill is to encourage hydrogen production and use in Hawaii by establishing a geothermal-to-hydrogen investment tax credit that equals 20 percent of the total cost of the geothermal-to-hydrogen system, including its accessories and installation.

Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company supported this measure. The Department of Business, Economic Development, and Tourism and the Hawaii Renewable Energy Alliance supported the intent of this measure.

The Department of Budget and Finance and an individual opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the sunset date for this tax credit from January 1, 2012, to January 1, 2008; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 196, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 196, H.D. 1.

Signed by all members of the Committee.

SCRep. 845 Finance on H.B. No. 291

The purpose of this bill is to support Hawaii's workforce by:

- (1) Establishing a temporary, nonrefundable Job Creation Income Tax Credit (Tax Credit) equal to \$5,000 per qualified employee, provided that an amount equal to two-thirds of the Tax Credit is used for workforce training;
- (2) Providing incentives for more stable, higher-paying jobs by allowing the Tax Credit to be applied only for full-time employees who earn \$25,000 or more in wages and remain employed by the taxpayer for at least two years; and
- (3) Requiring the Department of Taxation (DOTAX) to submit a yearly study to the legislature outlining the use and effect of the Tax Credit.

The Chamber of Commerce of Hawaii supported the intent of this bill. DOTAX and Tax Foundation of Hawaii offered comments.

Your Committee notes that two-thirds of the credit to be provided must be used by the employer for workforce training. While your Committee wishes to do all it can to help the employment situation during these dire economic times, your Committee is also concerned about accountability for this requirement.

Your Committee has amended this measure by:

- (1) Allowing the Tax Credit to be claimed only upon declaration by the Governor;
- (2) Requiring the Governor to issue a declaration allowing taxpayers to claim the Tax Credit when the general fund revenue collections at the close of each of two successive fiscal years exceed 7.5 percent of the general fund revenues for each of the two fiscal years; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 291, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 291, H.D. 2.

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

SCRep. 846 Finance on H.B. No. 288

The purpose of this bill is to promote energy conservation and renewable energy use by implementing a variety of energy-related initiatives. Specifically, this bill:

- (1) Authorizes the issuance of \$25,000,000 in general obligation (GO) bonds to finance the acquisition, construction, rehabilitation, and installation of renewable energy and energy efficient technologies in state facilities;
- (2) Requires the Department of Accounting and General Services to submit a report to the Legislature and Governor regarding the acquisition, construction, rehabilitation, installation, and improvement of renewable energy and energy efficient technologies in state facilities;
- (3) Requires \$250,000 per year of the State's portion of the royalties from geothermal resources to be allocated to the Department of Business, Economic Development, and Tourism (DBEDT) to fund hydrogen research and development as an alternative energy source;
- (4) Requires the Auditor to contract with the National Conference of State Legislatures (NCSL) to conduct a statewide energy audit;
- (5) Establishes the Statewide Energy Audit Special Fund (SEASF) and appropriates \$50,000 out of the SEASF to fund the statewide energy audit;
- (6) Appropriates \$50,000 out of the Public Utilities Commission (PUC) Special Fund to be paid into the SEASF;
- (7) Establishes an income tax credit for renewable energy technologies; and
- (8) Requires the Energy Resources Coordinator to review and evaluate the income tax credit for renewable energy technologies.

The Hawaii Renewable Energy Alliance, Sierra Club, Hawaii Chapter, Life of the Land, R&R Services, Inc., Hawaii Solar Energy Association, Inc., Vote Solar Initiative, and an assemblyman of the California Legislature supported this bill. DBEDT, The Gas Company, and a concerned citizen supported the intent of this bill. PowerLight Corporation opposed this bill. The Department of Taxation, PUC, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, and Maui Electric Company, Ltd., offered comments.

Your Committee has amended this measure by:

- (1) Changing the amount of the GO bond issuance for the acquisition, construction, rehabilitation, and installation of renewable energy and energy efficient technologies in state facilities to \$1 to promote further discussion;
- (2) Deleting the SEASF;
- (3) Requiring the Auditor to contract with a consultant, instead of NCSL, to conduct the statewide energy audit;
- (4) Deleting the \$50,000 appropriation out of the PUC Special Fund to be paid into the SEASF and deleting the \$50,000 appropriation out of the SEASF to fund the statewide energy audit;
- (5) Appropriating \$1 in general funds for the statewide energy audit;
- (6) Extending the energy conservation income tax credit for wind and solar energy systems, heat pumps, and ice storage systems that are installed and placed in service before July 1, 2007;
- (7) Establishing that the income tax credit for renewable energy technologies shall be repealed on January 1, 2007; and
- (8) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 288, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 288, H.D. 2.

Signed by all members of the Committee.

SCRep. 847 Finance on H.B. No. 130

The purpose of this bill is to require spousal or reciprocal beneficiary consent before the mode of retirement allowance is selected by a member of the Employees' Retirement System (ERS).

The Hawaii State Commission on the Status of Women and Hawaii Civil Rights Commission testified in support of this measure. ERS commented on the measure.

Your Committee has amended this measure by:

- (1) Selecting Option 2 (Contributory Plan) and Option B (Noncontributory Plan) when the spouse or reciprocal beneficiary refuses to consent to the retirement option selected;
- (2) Changing the effective date to January 1, 2004, to enable ERS to develop forms and inform their membership of the new consent requirements; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 130, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 130, H.D. 1.

Signed by all members of the Committee except Representative Jernigan.

SCRep. 848 Finance on H.B. No. 297

The purpose of this bill is to establish the Drug Strike Force Program (Program) within the Department of the Attorney General (AG) to combat the sale and distribution of illegal drugs and to provide funding for drug prevention, enforcement, and treatment.

The Hawaii Nurses' Association, Faith Against Drugs, and several concerned individuals testified in support of this measure. The Hawaii Medical Service Association supported the intent of this measure. The Honolulu Police Department opposed this measure. The AG, American Heart Association, Coalition for a Tobacco Free Hawaii, and Community Alliance on Prisons submitted comments.

Your Committee has amended this bill by:

- (1) Establishing the Program within the Department of Public Safety instead of the AG;
- (2) Appropriating an unspecified amount for education programs aimed at preventing crystal methamphetamine use among middle and high school students;
- (3) Appropriating an unspecified amount for the establishment of an adolescent treatment center aimed at addressing crystal methamphetamine use on the island of Hawaii;
- (4) Appropriating an unspecified amount for community anti-drug efforts aimed at preventing crystal methamphetamine use on the island of Hawaii; and
- (5) Establishing the Office of Drug Czar within the Office of the Lieutenant Governor to coordinate state programs related to drug distribution, sales, use, enforcement, and rehabilitation.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 297, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 297, H.D. 2.

Signed by all members of the Committee.

SCRep. 849 Finance on H.B. No. 685

The purpose of this bill is to stimulate economic recovery on Oahu by directing the Governor to work with the City and County of Honolulu (City) to expand existing enterprise zones to areas where commercial real estate have a vacancy rate of 15 percent or more.

Qualified businesses would be eligible for state tax and county incentives for a two-year period.

The Department of Taxation and the Department of Business, Economic Development, and Tourism offered comments.

Your Committee has amended this bill by:

- (1) Directing the Governor to work with the City to create additional enterprise zones rather than to expand existing enterprise zones;
- (2) Changing the effective date to July 1, 2010, to facilitate continued discussion; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

Ideally, enterprise zones should be designated as broadly as possible to provide much needed relief to many communities. However, in order to ensure a sufficient tax base, it is necessary to prioritize the granting of these benefits. For this reason, it is your Committee's intent that any designation of enterprise zones under this bill be targeted to communities with the greatest needs.

Finally, your Committee recognizes that the 15 percent vacancy criteria may unfairly favor urban areas over rural communities that may be equally deserving of assistance according to other standards. Therefore, in the days ahead, your Committee will carefully consider more equitable criteria that will allow different types of communities to qualify for designation.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 685, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 685, H.D. 2.

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

SCRep. 850 Finance on H.B. No. 146

The purpose of this bill is to help stimulate economic growth, especially in Hawaii's rural areas, by:

- (1) Authorizing the Governor to designate up to eight renaissance zones in the State with the size of each renaissance zone not to exceed 10 acres and the duration of each renaissance zone status not to exceed 15 years;
- (2) Establishing the Renaissance Review Board to recommend the selection of renaissance zones;
- (3) Exempting persons located and operating within renaissance zones from up to 100 percent of the person's income and general excise taxes; and
- (4) Requiring the Department of Business, Economic Development, and Tourism (DBEDT) to submit an annual report on the economic effects of renaissance zones to the Legislature.

MacFarms of Hawaii testified in support of this measure. DBEDT testified in opposition to this measure. The Department of Taxation (DOTAX) and Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

- (1) Authorizing the Governor to designate two, rather than eight, renaissance zones in this State, based on the recommendations of the Renaissance Zone Review Board, and on certain criteria established by this measure;
- (2) Deleting the definition of "person";
- (3) Adding the definition of "developer";
- (4) Clarifying that a developer of a renaissance zone, and not a person who is located and operates within a renaissance zone, shall be eligible for the income and general excise tax exemptions provided by this measure;
- (5) Eliminating the DBEDT annual reporting requirement;
- (6) Requiring that the exemption from income tax and general excise tax may only be claimed upon a declaration by the Governor;
- (7) Requiring that the Governor can only issue a declaration allowing taxpayers to claim the income tax and general excise tax exemption when the general fund revenue collections at the close of each two successive fiscal years exceed 7.5 per cent of the general fund revenues for each of the fiscal years;
- (8) Requiring the Director of DOTAX to notify the Governor of the general fund revenue balance at the close of every year; and
- (9) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 146, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 146, H.D. 2.

Signed by all members of the Committee.
(Representatives Meyer and Moses voted no.)

SCRep. 851 Finance on H.B. No. 90

The purpose of this bill is to encourage the general public to purchase long-term care insurance by establishing a refundable long-term care tax credit of the lesser of \$2,500 or 50 percent of the cost of long-term care insurance premiums.

The Chamber of Commerce of Hawaii, Healthcare Association of Hawaii, American Council of Life Insurers, NAIFA Hawaii, and Health Insurance Association of America testified in support of this measure. The Department of Taxation supported the intent of this measure. The Hawaii State Teachers Association, Coalition for Affordable Long Term Care, and Kokua Council opposed this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Deleting the provisions for a refundable tax credit and inserting provisions that an excess credit may be used against income tax liability in subsequent years until the excess credit is exhausted;
- (2) Inserting a provision that the tax credit may only be claimed upon declaration of the Governor when general fund tax collections at the close of each of two successive fiscal years exceed 7.5% of the general fund tax collections for each of the prior two fiscal years; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 90, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 90, H.D. 1.

Signed by all members of the Committee.

SCRep. 852 Finance on H.B. No. 1616

The purpose of this bill is to:

- (1) Establish a long-term care income tax starting at \$120 for the 2005 taxable year and increasing incrementally thereafter; and
- (2) Provide a benefit level beginning at \$70 per day for 365 days and increasing incrementally thereafter.

The Hawaii State Commission on the Status of Women, Hawaii State Teachers Association, ILWU Local 142, Kokua Council, AARP Hawaii, Hawaii Alliance for Retired Americans, Healthcare Association of Hawaii, National Association of Social Workers, Temporary Board of Trustees of the Long Term Care Financing Act, Hawaii State Teachers Association – Retired, Coalition for Affordable Long Term Care, and many concerned citizens testified in support of this measure.

The Chamber of Commerce of Hawaii, Hawaii Medical Association, Hawaii Bankers Association, NAIFA Hawaii, and the Health Insurance Association of America opposed this measure. The Department of Taxation, Office of Information Practices, and Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1616, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Jernigan and Moses voted no.)

SCRep. 853 Finance on H.B. No. 290

The purpose of this bill is to:

- (1) Create a program to extend unemployment insurance benefits (program) to take effect if the federal Temporary Extended Unemployment Compensation program (TEUC) is not extended after August 1, 2003;
- (2) Ensure that state benefits will cease once the unemployment insurance fund reaches the threshold where the Department of Labor and Industrial Relations would be required to increase the unemployment taxes paid by employers;
- (3) Conform the Hawaii Revised Statutes to the federal Temporary Unemployment Compensation Act of 2002; and
- (4) Provide that unemployment insurance trust fund moneys can be used to pay for unemployment benefits as well as administrative costs.

ILWU Local 142 submitted testimony in support of this bill. The Department of Labor and Industrial Relations and Chamber of Commerce of Hawaii submitted testimony in opposition to this bill.

Your Committee has amended this bill by changing the:

- (1) August 1, 2003, threshold date to May 31, 2003;
- (2) Contribution rate schedule to schedule D; and
- (3) Effective date to July 1, 2003.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 290, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 290, H.D. 2.

Signed by all members of the Committee except Representatives Shimabukuro and Jernigan.
(Representative Moses voted no.)

SCRep. 854 Finance on H.B. No. 1394

The purpose of this bill is to provide tax incentives for the development of commercial construction projects, with enhanced tax credits for large-scale projects, and additional tax exemptions for certain projects.

The Pacific Resource Partnership, PLA Incorporated, Retail Merchants of Hawaii, Land Use Research Foundation of Hawaii, Chamber of Commerce of Hawaii, Laborers' Union Local 368, and American Institute of Architects submitted testimony in support of this measure. Cendant Corporation/Fairfield Resorts, the Waikiki Improvement Association, Outrigger Hotels & Resorts, Hawaii Construction Industry Association, Hawaii Business Roundtable, and Hawaii Hotel Association supported this bill, but recommended amendments. The Department of Taxation and Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Leaving the percentages of the tax credits blank to promote further discussion;
- (2) Providing that the large-scale tax credit may only be claimed upon a declaration by the Governor when revenue collections at the close of each of two successive fiscal years exceed 7.5 percent of the general fund revenues for each of the two fiscal years;
- (3) Requiring "qualified construction project costs" to be incurred before January 1, 2006;
- (4) Amending the effective date so that the Act will:
 - (A) Apply to taxable years beginning after December, 2002; and
 - (B) Be repealed on January 1, 2007.
- (5) Removing the provisions for additional tax exemptions; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1394, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1394, H.D. 2.

Signed by all members of the Committee.

SCRep. 855 Finance on H.B. No. 1400

The purpose of this bill is to assist Hawaii's tourism and construction industries. Specifically, this bill:

- (1) Extends the Hotel Construction and Remodeling Tax Credit (Tax Credit) to June 30, 2008; and
- (2) Makes this Tax Credit refundable to the taxpayer if the Tax Credit exceeds the taxpayer's income tax liability.

In addition, this bill:

- (1) Repeals the provision that limits the availability of the Tax Credit to taxable years beginning after December 31, 1998, and before January 1, 2006;
- (2) Repeals the requirement that the taxpayer be in compliance with all applicable federal, state, and county statutes, rules, and regulations to qualify for the Tax Credit; and
- (3) Expands the applicability of the Tax Credit to commercial buildings and facilities located in areas designated for hotel use, resort use, or transient vacation rentals, pursuant to county zoning authority or county legislation.

The Hawaii Tourism Authority, Pacific Resource Partnership, Chamber of Commerce of Hawaii, Land Use Research Foundation of Hawaii, Laborers' International Union of North America Local 368, AFL-CIO, SAH-Subcontractors Association of Hawaii, Hawaii Business Roundtable, Waikiki Improvement Association, American Institute of Architects, Hawaii State Council, Ko Olina Resort and Marina, Cendant Corporation/Fairfield Resorts, and Outrigger Hotels and Resorts testified in support of this measure. The Department of Taxation (DOTAX) and Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this bill by:

- (1) Limiting the availability of the Tax Credit to taxable years beginning after July 1, 2003, for which the Governor issues a declaration allowing taxpayers to claim the credit;
- (2) Authorizing the Governor to issue a declaration allowing taxpayers to claim this Tax Credit only when general fund tax collections at the close of each of two successive fiscal years exceed 7.5 percent of general fund tax collections for each of the prior two fiscal years;
- (3) Leaving the amount of the Tax Credit to be claimed for taxable years beginning after July 1, 2003, an unspecified percent of the construction or renovation costs;
- (4) Requiring the Director of DOTAX to notify the Governor of general fund tax collections at the close of every year;
- (5) Extending the Tax Credit to January 1, 2008;
- (6) Making the Tax Credit nonrefundable;
- (7) Repealing the Residential Construction and Remodeling Tax Credit on January 1, 2008; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1400, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1400, H.D. 1.

Signed by all members of the Committee.

SCRep. 856 Finance on H.B. No. 1554

The purpose of this bill is to provide the counties with additional financial flexibility and support by:

- (1) Repealing the limitations on the general excise and use tax (GETU) surcharge, including:
 - (A) The sunset date;
 - (B) Disposition of GETU surcharges collected; and
 - (C) The requirement that the combined state general excise tax and county GETU surcharge amount to 4.5 percent;
- (2) Authorizing each county with a population of 200,000 or more to establish a GETU surcharge of an unspecified percentage; and
- (3) Changing the allocation of transient accommodations tax (TAT) revenues to the Tourism Special Fund (TSF) and counties as follows:
 - (A) 37.6 percent of revenues collected to the TSF;
 - (B) 41.8 percent of revenues collected to the counties in the following manner:
 - (i) Kauai County to receive 29.2 percent;
 - (ii) Hawaii County to receive 33.3 percent;
 - (iii) Maui County to receive 37.5 percent; and
 - (iv) City and County of Honolulu to receive none.

The City and County of Honolulu, County of Hawaii, County of Kauai, Hawaii County Council, five members of the County Council of the County of Maui, and one member of the County Council of the County of Kauai supported this bill. The Hawaii Association of REALTORS opposed this bill. The Hawaii Tourism Authority, Department of Taxation, and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Removing the changes to the TAT revenue allocation contained in this bill as referred to your Committee;
- (2) Establishing the following changes to the TAT revenue allocation if the GETU surcharge is imposed by a county with a population of over 200,000 as provided for in this bill:
 - (A) 36.6 percent of the revenues collected to the TSF; and
 - (B) 40.8 percent of the revenues collected to the counties in the following manner:
 - (i) Kauai County to receive 29.2 percent;
 - (ii) Hawaii County to receive 33.3 percent;

- (iii) Maui County to receive 37.5 percent; and
- (iv) City and County of Honolulu to receive none;

and

- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1554, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1554, H.D. 1.

Signed by all members of the Committee except Representative Meyer.
(Representatives Jernigan and Moses voted no.)

SCRep. 857 Finance on H.B. No. 1509

The purpose of this bill is to establish the South Kona wilderness area on the island of Hawaii, provide a mechanism for the creation of a plan for management of the wilderness area, and provide a framework for management of the wilderness area.

A concerned individual testified in support of this measure.

Your Committee has amended this bill by:

- (1) Deleting reference to specific organizations interested in this issue;
- (2) Including 8,000 acres in Kapu'a;
- (3) Authorizing a value-for-value trade of state lands to acquire land for the wilderness area;
- (4) Allowing either the Department of Land and Natural Resources (DLNR) or a private landowner to initiate arbitration proceedings if they are unable to reach an agreement over DLNR's plan for acquisition of private lands;
- (5) Clarifying that South Kona wilderness area lands shall be classified as lands within the conservation district as described in section 205-2, Hawaii Revised Statutes;
- (6) Inserting a sunset date of December 31, 2004; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1509, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1509, H.D. 2.

Signed by all members of the Committee except Representative Meyer.

SCRep. 858 Human Services and Housing/Health on H.C.R. No. 8

The purpose of this concurrent resolution is to request the Department of Health to convene a task force to develop a plan for a graduated parenting program to teach child development and parenting skills in public schools.

PARENTS Inc., testified in support of this measure. The Department of Education supported the intent of this measure.

Your Committees find that there is no widely available program that teaches child development and parenting skills to persons interested in learning how to appropriately parent, relative to a child's stage of development. Providing a program in the public schools would assist in reaching a great number of people.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 8 and recommend that it be referred to the Committee on Education.

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

SCRep. 859 Health on H.C.R. No. 7

The purpose of this concurrent resolution is to request the Auditor to conduct a study of proposed mandatory health insurance coverage for hearing aid devices and the services rendered by licensed hearing aid dealers and fitters.

The Department of Health, Disability and Communication Access Board, Hawaii Early Intervention Coordinating Council, Hawaii Academy of Audiology, and several concerned individuals testified in support of this measure. The Hawaii Medical Service Association provided comments.

Your Committee finds that hearing aid devices and related services can be very cost-prohibitive. While some health insurance providers currently provide insurance coverage for hearing aid devices and the services rendered by licensed hearing aid dealers and fitters, your Committee would like to ensure that all individuals, regardless of their health insurance provider, are provided adequate insurance coverage.

Your Committee has amended this concurrent resolution by:

- (1) Specifying Senate Bill No. 952 and House Bill No. 263 as the proposed measures to provide health insurance coverage for hearing aid devices and related services; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 7, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.C.R. No. 7, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Hale, Takai and Stonebraker, Luke and Halford.

SCRep. 860 Labor and Public Employment on H.R. No. 27

The purpose of this resolution is to express the Legislature's support for the Hawaii State Commission on the Status of Women (Commission) by urging the Governor to allocate adequate funding to the Commission to enable it to carry out its mission and duties as mandated by law.

The Commission, Hawaii Civil Rights Commission, National Association of Social Workers, League of Women Voters of Hawaii, Sex Abuse Treatment Center for Women and Children, Planned Parenthood of Hawaii, Community Alliance on Prisons, Tesoro Hawaii Corporation, Hawaii State Coalition Against Domestic Violence, Domestic Violence Clearinghouse and Legal Hotline, Business and Professional Women/HI, TJ Mahoney and Associates, and a number of concerned citizens testified in support of this measure. The Department of Health testified in support of the intent of this measure.

Your Committee finds that the Commission is the only statewide governmental and community resource dedicated to addressing the broad scope of issues impacting women and girls in Hawaii.

The stringent financial constraints that our State is under will only increase the Commission's role in the months ahead. Accordingly, your Committee has amended this measure to emphasize the important need of adequate funding by changing the title to read: "URGING THE GOVERNOR TO ALLOCATE ADEQUATE FUNDING TO THE HAWAII STATE COMMISSION ON THE STATUS OF WOMEN TO ENABLE IT TO CARRY OUT ITS MISSION AND DUTIES AS MANDATED BY LAW." Technical, nonsubstantive amendments were also made for purposes of clarity, consistency, and style.

Your Committee wishes to make clear that it fully supports the Commission and the fine work that it provides and wants to stress the urgency and necessity for the administration to continue to fund this very important program. Since the financial implications of this measure are not within the scope of this Committee, your Committee respectfully requests the Committee on Finance to closely review the fiscal implications of this issue and the possibility of supporting this important Commission through direct appropriation.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 27, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 27, H.D. 1.

Signed by all members of the Committee except Representatives Nakasone, Souki, Blundell and Pendleton.

SCRep. 861 Labor and Public Employment on H.C.R. No. 23

The purpose of this concurrent resolution is to express the Legislature's support for the Hawaii State Commission on the Status of Women (Commission) by urging the Governor to allocate adequate funding to the Commission to enable it to carry out its mission and duties as mandated by law.

The Commission, Hawaii Civil Rights Commission, National Association of Social Workers, League of Women Voters of Hawaii, Sex Abuse Treatment Center for Women and Children, Planned Parenthood of Hawaii, Community Alliance on Prisons, Tesoro Hawaii Corporation, Hawaii State Coalition Against Domestic Violence, Domestic Violence Clearinghouse and Legal Hotline, Business and Professional Women/HI, TJ Mahoney and Associates, and a number of concerned citizens testified in support of this measure. The Department of Health testified in support of the intent of this measure.

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Your Committee wishes to make clear that it fully supports the Commission and the fine work that it provides and wants to stress the urgency and necessity for the administration to continue to fund this very important program. Since the financial implications of this measure are not within the scope of this Committee, your Committee respectfully requests the Committee on Finance to closely review the fiscal implications of this issue and the possibility of supporting this important Commission through direct appropriation.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 23, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 23, H.D. 1.

Signed by all members of the Committee except Representatives Nakasone, Souki, Blundell and Pendleton.

SCRep. 862 Finance on H.B. No. 200

The purpose of this bill is to appropriate funds for Executive branch operating and capital improvement costs for the fiscal biennium July 1, 2003, through June 30, 2005.

Your Committee on Finance reports that this bill stands as a clear reflection of its sincere commitment to work with the new administration. The adjustments to the administration's budget proposal are minimal and your Committee has followed the administration's overall direction.

It has been a difficult two months for your Committee. Your Committee heard many requests for expanded public services at its public hearings, yet the ability of the State to meet those needs with existing revenues is clearly insufficient. Clearly, additional resources are needed for:

- Our public schools and our students who deserve as many resources as we can provide;
- Our university system, if it is to achieve its goal of becoming a world-class institution;
- Our elderly, who have worked to make Hawaii what it is today, and who deserve necessary care; and
- Our rural communities, to provide necessary access to health care.

Funding is needed in all of these critical areas, but given the resources available, your Committee has little choice but to follow the Governor's lead in imposing cuts to these vital programs. When the economic uncertainties of the near future are considered, there appear to be very few options available.

Economic Backdrop

In January, the Department of Business, Economic Development, and Tourism reported that this past year was:

"a year of steady recovery in some sectors and unyielding inertia in others. This split personality caused special uncertainties in projecting the mood and direction of the year to come."

There were many reasons for an optimistic outlook. Civilian unemployment figures declined 6.7 percent over the first 11 months of 2001. During the same period the number of visitors from the mainland U.S. rebounded by 2.5 percent and year-to-date visitor days grew by 1.8 percent over the previous year. Inflation remained low, increasing by only 1.1 percent. Personal income projections for 2002 were a positive 2.5 percent. Construction activity in 2002 continued to increase, causing general excise tax revenues for contracting to grow 13.4 percent for the first ten months of 2002. Median prices of single-family homes and condominiums also increased significantly in 2002.

Despite these many positive indicators, other factors forecast the uncertain economic future that serves as the backdrop for your Committee's work on this budget. Economic growth on the continental U.S. is soft and Japan has been unable to pull out of its prolonged recession. In addition, the possibility of a war with Iraq has already had an impact on our economy. As the potential for conflict with Iraq grew and Venezuelan oil supplies were disrupted, Hawaii experienced an increase in gas prices of 14 cents per gallon in the month of February. On the national level the cost of fuel rose 30 percent during the same period. These costs will be transferred to consumers through higher plane fares and increased shipping and goods costs, which will ultimately result in a reduction in consumer spending and general fund revenues.

It is also expected that visitor arrivals from the Asia-Pacific region will drop in the coming months due to North Korea's continued provocations that have created uncertainty in the region, and due to the belief of many Japanese that it is inappropriate to visit a country that is waging war. Reservations from international tourists, including Japan and European visitors, had fallen slightly through March in anticipation of a war with Iraq. Based on the recommendation of the House Select Committee on War Preparedness, a delegation of state government and business leaders is planning a trip to Japan within two to three weeks of a war with Iraq in an attempt to preserve Japanese tourism in Hawaii.

A similar delegation to Japan, lead by the former Governor after the September 11th attacks, was helpful in bringing tourism back to pre-attack levels. The delegation met with government leaders, who in turn held press conferences assuring the Japanese that it would not be disrespectful to travel. Tourism levels rose to fifty percent of pre-9/11 rates within six months and to one hundred percent within a year.

It is clear that these negative factors will affect Hawaii's economy; an economy that is still recovering from the effects of the national recession that began in early 2001 and the devastating impact of the September 11th terrorist attacks. The recent increase in the national threat level status has shown that peril still lingers over our nation. These factors have helped to create the high level of uncertainty that characterizes the current economic outlook of our State.

Budget Outlook for Other States

Hawaii's economy, however, could be in far worse shape. The fiscal discipline of previous State Legislatures has allowed Hawaii to report an optimistic economic outlook, and to be one of only two states in the nation to do so. Hawaii was recognized as the only state able to cut taxes by more than one percent last year, and is also on track to reduce general excise taxes on intermediary services (depyramiding) for the next four years. The negative economic situation that has affected all states nationally has been kept to a minimum in Hawaii as a result of prudent budgetary decisions made over the past decade.

Other states have not been so lucky. According to a report released by the National Conference of State Legislatures (NCSL), the aggregate gap between state budgets and state revenues grew by 50 percent in December and January. NCSL reported that by June 30th of this year, two-thirds of the states must reduce their budgets by nearly \$26,000,000,000.

The news gets worse for state budget planners. In fiscal year 2004, state legislatures will face a minimum shortfall of \$68,500,000,000. "The magnitude of next year's budget gap is startling," said NCSL President Angela Monson, a state senator from Oklahoma. "Thirty-three states estimate budget gaps in excess of five percent, with 18 of those facing gaps above ten percent. There is great cause for concern since the deficit numbers continue to grow at an alarming rate."

Sluggish revenues are a major contributor to these budget shortfalls. At least 30 states reported that revenue collections are below budget forecasts, with 12 states reporting collections below revised estimates. Thirty-seven states report that spending is exceeding budgeted levels, and all but five report escalating Medicaid and other health care costs.

State budgets are under siege. The faltering national economy, declines in the stock market, contractions in manufacturing and high-tech sectors, and soaring health care costs have combined to undermine the stability of state budgets. According to NCSL, states used rainy day funds, delayed or repealed scheduled tax cuts, tapped other state funds, delayed capital projects, and cut spending to balance their budgets. Twenty-nine states imposed across-the-board budget cuts. In the current legislative sessions, at least 24 states report that the Governor has offered tax increase proposals to help eliminate budget deficits. At least 14 states will consider raising cigarette taxes while another six will look to increase alcohol taxes.

New and continuing unfunded federal mandates are compounding these problems. State budget decision makers, including your Committee, are concerned that the proposed federal budget for next year does not meet the projected cost of the No Child Left Behind Act and special education mandates.

State of Hawaii Revenues

On September 9, 2002, Hawaii's Council on Revenues projected that the growth rate for fiscal year 2002-2003 would be 6.1 percent. The Council noted that "the recovery of the overall economy appears to be faster than expected" and that "Hawaii total

personal income numbers, adjusted for inflation, remained at the average level of 2 percent growth rate through both the U.S. slowdown and the 9/11 event.”

The Council's January 8, 2003, quarterly revenue estimate retained the 6.1 percent growth rate estimate. This was done despite a negative 0.4 percent state general tax revenue cumulative growth rate for the first five months of the fiscal year. The Council stated that their estimate was based on a Tax Department assessment that the December growth rate would be robust, an assessment that proved correct when December collections showed an increase of 34.7 percent from the previous year, boosting general tax collections for the first six months of the fiscal year 2002-2003, to 4.5 percent.

Unfortunately, the economic outlook has changed in the second half of fiscal year 2002-2003 as global events have affected revenue collections. Tax revenues fell 9.6 percent in January 2003 compared to the previous year, leaving the State with a 1.9 percent increase in revenue over the previous fiscal year, far short of the Council's 6.1 percent projection.

The Budget Process

In September 2002, the prior administration sent instructions to all the state directors for the preparation of department Fiscal Biennium 2003-2005 requests. These instructions wisely acknowledged that planning efforts must be “prudent yet relevant and accurate but flexible.” In September, the administration had the foresight to acknowledge that program funding would be affected by:

- The uncertain state of our economy;
- Increasing costs of the government's legal and social obligations;
- Public pressure to identify and remedy areas of government duplication and inefficiency; and
- In this transition year, the need to accommodate different priorities.

Even with the best efforts of the executive branch to prepare a responsible balanced budget, your Committee faced a rather abnormal budget process this session. On December 16th, the Governor submitted the administration's budget request, and it indicated that changes would be made. The Governor gave notice that using funds from the Hawaii Hurricane Relief Fund would not be an option, and as a result, many changes to the expenditure plan would be needed. Through discussions with the Governor's Office, your Committee anticipated a balanced financial plan on January 14th, nearly a month after the initial statutory deadline. In the spirit of cooperation and with an understanding that this is a new administration, your Committee was willing to give the new administration additional time.

On January 14th, the administration presented your Committee a conceptual financial plan without an accompanying detailed expenditure plan. While the plan appeared to be balanced, your Committee noted that “the devil is in the details” and there was ample opportunity for missteps and miscues when formulating a budget. Once again, your Committee awaited indications from the Governor as to the direction the administration was heading.

The administration provided details of their revised expenditure plan in the form of seven Governor's Messages from January 30th to February 13th, a span of roughly two weeks, which revised the administration's financial plan along the way. Needless to say, there were significant changes in the Governor's budget as a result of these seven Governor's Messages, and your Committee on Finance worked diligently on both Governor's Message items as well as items from the original December budget transmittal.

This brings us to today. Your Committee has spent the past month analyzing the Governor's new proposed budget and its impacts. Due to the time limitations of the 60 working days of the legislative timetable, your Committee expresses regret in not being able to hold another round of budget briefings to fully hear the impacts of the Governor's reductions, and to allow the real scrutiny that a public forum provides. Other issues, including both administration-sponsored and member-introduced bills required the attention and scrutiny of your Committee as well. Therefore your Committee could not, in good conscience, focus all of its attention on the budget and the impact of the Governor's cuts despite its willingness to do so.

After nearly a decade of facing tremendous economic challenges, struggling with hard decisions, and making a concerted effort to alter attitudes and restructure our government institutions, your Committee continues its work to ensure that the State has a balanced budget. Today the State of Hawaii again finds itself challenged by demands for public services, an uncertain revenue forecast, and the continued threat of additional fallout from geopolitical events in the world.

Your Committee has tried to find other sources of revenue and expenditure reductions in hopes of minimizing the impact of the Governor's proposed cuts. Your Committee, through its hard work, has found approximately \$14,000,000 in additional general fund savings through the biennium. In the past, these savings would have been used to restore reductions in critical areas such as education, health, and our social safety net. That is not the case this year.

To give the new Governor the opportunity to set the direction for state government, a majority of the governor's budget serves as the basis for this House Draft. Unfortunately, as the single greatest issue on all our minds is the threat of war looming on the horizon, it would be irresponsible and less than honest for your Committee to provide funding for new programs or restore funding in areas that would raise false hopes as to the role the State can play in meeting needs for public services. In fact, your Committee is proposing several reductions to the administration's current budget proposal.

Reductions to the Administration's Budget Proposal

Your Committee recognizes the importance of using landfill space in the best and most practical way possible, and understands that Hawaii's landfill space is rapidly diminishing. Your Committee appreciates the new administration's efforts in appropriating \$2,000,000 to the State's counties for the purpose of addressing solid waste conservation in the communities. However, your Committee is concerned with the lack of information regarding this program and the lack of accountability of this proposed appropriation. Therefore, your Committee has decided to postpone the appropriation of these funds.

Your Committee also recognizes the importance of cleaning up trash and other waste in the State's communities, and further appreciates the new administration's efforts in appropriating \$300,000 in general funds toward a Community Work Day initiative. However, your Committee is again concerned with the lack of information the administration and the Department of Health were willing to provide about this request. Therefore, your Committee has decided to postpone appropriating these funds.

Finally, your Committee finds that although emergency medical services are essential for public welfare, at a time when we are looking at reducing services everywhere, it does not seem prudent to add any new services. As such, the new administration's proposal for additional funding to increase ambulance service to a 24-hour operation in an area not identified as a priority by a 2001 Needs Assessment will be reduced to a placeholder amount in the event that additional funds become available.

Additions to the Governor's Budget Proposal

As a result of the settlement agreement between the Department of Justice and the State of Hawaii, a Special Master's Plan for Community Mental Health Services was adopted as an order by the United States District Court on January 23, 2003. Due to the Special Master's Plan, the Governor proposed an appropriation for net amounts of \$1,165,202 for fiscal year 2004 and \$1,531,806 for fiscal year 2005 to comply with the requirements of the plan. The plan seeks to place individuals discharged from the Hawaii State Hospital into other care settings in the community.

Due to the Hawaii State Hospital's Remedial Plan for Compliance, the Governor proposed an additional \$12,228,228 for fiscal year 2004 and \$11,471,366 for fiscal year 2005 as part of the settlement agreement between the U.S. Department of Justice and the State of Hawaii. The program will institute a utilization management plan in an attempt to monitor and contain costs, and will report those results back to the Legislature.

The Governor also proposed the deletion of the State Health Planning and Development Agency, which would result in the elimination of eight state employees. Your Committee disagrees with this reduction because there is still a requirement under section 323D-43, Hawaii Revised Statutes, for certificates of need to be issued, and this process provides the public the only opportunity to comment on proposals to meet health care needs.

In addition to the above concerns, your Committee has made a very difficult decision with regard to the funding for the Hawaii State Public Library System. Your Committee eliminates funding for the Kapolei Library, but offsets this by restoring half of the administration's proposed cuts to the entire library system. The administration has indicated that adding services when current service levels are not being met would be irresponsible, and thus, your Committee has acted accordingly.

Reservations and Areas of Concern

In regard to the new administration's denial of the Department of Education's \$5,000,000 request for program improvements, your Committee notes that these funds were to be used to contract school safety managers, subsidize charter schools, and pay lease rent for Nanaikapono School to the Department of Hawaiian Home Lands during fiscal year 2004. Due to this reduction, the Department of Education will not be able to provide additional safety for its students or increase the subsidy to charter schools. Furthermore, your Committee recognizes that this will also restrict appropriations intended for more than 250 regular public schools, and reduce textbooks and classroom supplies for regular education.

Your Committee has great concerns with the new administration's denial of the Department of Education's \$3,000,000 request for the purchase of supplies for school restrooms. Your Committee realizes that public schools have never been allocated funds to adequately supply restroom facilities, and that the new administration's proposal will further restrict the Department of Education's ability to provide such basic needs for Hawaii's students.

Your Committee also has great concerns with the Governor's decision to impose a five percent reduction to all program areas in the Department of Education. This reduction includes cutting from non-discretionary authorizations for Felix costs, regular instruction, and school level support. In sum, these reductions amount to over \$3,000,000 per year for the biennium.

Additionally, your Committee feels trepidation due to the administration's \$580,000 reduction for public school repair and maintenance. This amounts to a twenty percent reduction to the minor repairs budget at a time when too many schools are in critical need of repair and maintenance services.

Moreover, the new administration's budget proposal leaves a \$14,000,000 deficit over the next two fiscal years for funding required to fulfill the obligations of the No Child Left Behind Act. Your Committee realizes that without additional funding, the Department of Education may not be able to implement the requirements of the Act, and as a consequence, the federal government may impose penalties that can affect our entire state.

Your Committee believes that the basic health needs of Hawaii's population must be met. Those individuals who are underinsured or who live in isolated rural areas continue to live under the threat that basic health services may not be accessible when needed. One of the major concerns presented by the administration's financial plan is its lack of funding for community health centers and rural hospitals. Both types of facilities provide essential services to the public that simply are not available elsewhere.

The community health centers function as primary health care providers servicing communities consisting primarily of uninsured and underinsured clients. The impact of failure by the administration to provide funding for the health centers may result in increased use of the emergency rooms in our various hospitals, which will then serve as substitute primary care facilities for these clients, due to the lack of other options.

Community health centers provide benefits for the uninsured and underinsured patients at substantially lower costs than would be charged by hospitals. The Legislature provided funding for this purpose in the amount of \$1,650,000 from the "Rainy Day Fund" in Act 175, Session Laws of Hawaii (SLH) 2002. These funds will enable the various health centers to serve approximately 6,570 people. However, without this funding, the centers will not be able to provide health care services for their uninsured and underinsured clients, who will inevitably use higher cost emergency room services. These higher costs will then eventually pass on to all those who purchase health insurance, affecting everyone in the state.

Rural hospitals are another area of grave concern. Funding for these safety net facilities has not been provided by the new administration. These hospitals received \$2,535,000 in Act 175, SLH 2002. However, to date there has been no such provision made by the new Governor, even though these facilities service areas that are either extremely remote or the only facility of its type for the entire island.

The new administration has reduced \$5,336,000 in general funds for the Healthy Start purchase of service contract. The administration is proposing, instead, to use the Tobacco Settlement Special Fund to supplement funding for this program. However, this will reduce funds for the Healthy Hawaii Initiative, which was created by the Department of Health to develop chronic disease prevention programs, provide nutritional and educational programs, and offer services to promote physical activities for better health. The reduction proposed by the Governor will affect this initiative by:

- Eliminating Community Based Initiatives;
- Eliminating Public Awareness and Professional Educational Campaigns; and
- Cutting School-Based Programs in half.

Furthermore, your Committee has additional concerns because Tobacco Settlement Special Funds must be used for purposes consistent with the Attorney General's Master Settlement Agreement (MSA). If the MSA is not properly enforced according to the terms of the agreement, the State may lose a substantial portion of its overall tobacco settlement funds.

Another result of the new administration's budget proposal is a \$1,800,000 reduction for the Residential Alternatives Community Care Program, which would have allowed more adults in need of nursing facility level of care to be served in the community. Your Committee understands that these essential services are needed most during times of economic difficulty.

The Department of Labor's Office of Community Services (OCS) uses private providers to serve those most in need in our society, particularly the economically disadvantaged, immigrants, and refugees. Your Committee feels that any reduction to services that help disadvantaged citizens in the current economic environment is very troubling. OCS Services include:

- Legal services (Legal Aid);
- Food collection and distribution (Food Bank); and
- Disability rights (Hawaii Disability Rights Center).

Your Committee expresses grave concerns with the Governor's \$55,927 reduction per year to the Department of Defense's Office of Veteran Services. Your Committee recognizes that a majority of this reduction, \$37,577, will be taken out of repairs, maintenance, and supplies for the Hawaii State Veterans Cemetery. This reduction in funding will cause the conditions of the Veterans Cemetery to deteriorate. At a time when our nation is on the brink of war, your Committee regrets that the tremendous service that our veterans have provided cannot be adequately addressed.

Your Committee acknowledges the University of Hawaii's goal of becoming a world-class university and an economic engine for the State of Hawaii. Notwithstanding, your Committee understands the harsh realities of the five percent budget cut proposed by the new administration and how it will impact the University's ability to achieve its goals. Your Committee is also aware that the approved Board of Regents budget called for an increase of \$99,000,000 in fiscal year 2004, and an increase of \$117,000,000 in fiscal year 2005, and that none of the requests have been granted by the new administration. In sum, the Governor has proposed over \$3,000,000 in cuts to the base of the University of Hawaii's budget.

Your Committee has concerns with the administration's decision to withdraw the \$2,000,000 biennium request for critical Information Technology services. These services would establish the necessary security and integrity that would allow the State's networks and communications to operate at adequate levels.

The new administration has reduced general funds for the Department of Land and Natural Resources by \$872,704. Your Committee realizes the potential risks of damage to Hawaii's natural ecosystems, and the delays in maintenance and repair of state parks that will occur as a result of these reductions.

Recognizing that the new Governor has made a commitment to place native Hawaiians who are on the waiting list on land within five years, your Committee has concerns with the fact that the administration's budget proposal does not appear to address this commitment. In fact, general fund resources have been reduced by the new administration.

Acknowledging the importance of maximizing state revenue potential, your Committee has concerns with payroll turnover savings for the Department of Taxation, as proposed by the Governor. Considering the fact that it has been demonstrated that additional tax auditors and collectors would generate millions of dollars in additional revenue, your Committee finds that it may not be fiscally prudent to impose restrictions on filling revenue-generating positions that are temporarily vacant.

Capital Improvements Program

In the previous biennium, approximately \$1,000,000,000 in general obligation (G.O.) bonds was appropriated in the Executive Branch's CIP budget. Of this amount, your Committee notes that as of December 2002, approximately \$603,000,000 remains in project funding that has not been released or project funding that has been released but not been encumbered. This is over \$600,000,000 that has not filtered through the State's economy.

Being mindful of the ever-rising cost of debt service, and the uncertainties facing the economy, your Committee feels that the fiscally responsible thing to do at this time is to limit the amount of future bond issuances to control the State's debt.

The amount of G.O. bonds appropriated in this bill totals approximately \$340,500,000. This total, along with the balances remaining from the previous biennium, comes to over \$940,000,000 in projects that are to be initiated. Your Committee feels that this should be sufficient to make progress on improving and developing public facilities, and to support the construction industry, while at the same time controlling debt service.

Conclusion

Your Committee understands that the Governor's reductions will be painful. Given the uncertain fiscal situation of the State and the potential for geopolitical chaos, your Committee has prepared a biennium budget that reflects this ominous state of affairs.

Your Committee would have liked to avoid the reductions proposed in this biennium budget. However, the current uncertain fiscal future has made it essential to err on the side of caution. Should revenue forecasts remain the same or improve, the Committee will be the first to call for restoration of essential funding for the Department of Education, the University of Hawaii, and the preservation of the social safety net.

Your Committee has hopes that war will be avoided, tourism will fully recover, our economy will grow, and that all the citizens of Hawaii will have the opportunity to live in healthy and safe communities.

While your Committee prepares for the worst and does not offer false hope, it remains committed to the values of our Hawaii: opportunity, fairness, and the spirit of aloha. It is with hope, conviction, and a steadfast sense of responsibility, that your Committee stands ready to meet the challenge, and looks forward to working with the Senate and the new administration to ultimately create a budget that will be balanced, while preserving what makes Hawaii special.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 200, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Nishimoto.

SCRep. 863 Finance on H.B. No. 808

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of and capital improvements for the Judiciary for fiscal biennium 2003-2005.

The Judiciary, Estate of James Campbell, Interpreter Action Network, and several concerned individuals testified in support of this bill.

In deliberating on this and other bills affecting the State's finances, your Committee seriously considered the impact of lower revenue projections and the possibility of conflict in the Middle East. At the same time, your Committee is aware that across-the-board reductions are being absorbed by all executive departments and, therefore, has taken a conservative approach in developing the Judiciary's biennium budget.

Your Committee appreciates the efforts of the Judiciary in suggesting areas of its budget that could be reduced:

- (1) \$385,000 for payroll;
- (2) \$100,761 for per diem judges;
- (3) \$100,000 for jury pool funding; and
- (4) \$125,000 for purchases of service.

Your Committee also appreciates that the Judiciary has reduced the number of new biennium budget requests. After examining these suggested reductions and bearing in mind that the Judiciary fulfills a critical role as one of the three branches of state government, your Committee has decided to maintain the Judiciary's current level of funding.

Disturbing trends in drug use are prevalent in all communities throughout the State, and there has been a corresponding increase in the number of drug-related convictions. Your Committee finds that drug treatment programs are far more cost-effective than incarceration. Traditionally, participants in drug treatment programs have lower recidivism rates compared to incarcerated individuals.

Your Committee recognizes that drug treatment programs are essential services that benefit many and has thus provided funds totaling \$574,420 in fiscal year 2003-2004 and \$564,220 in fiscal year 2004-2005 for the Juvenile Drug Court program for the First Judicial Circuit.

Mindful that most of the Judiciary's biennium budget requests are needed and justifiable, your Committee has given careful consideration to all of them. However, your Committee is unable to approve any requests other than for the Juvenile Drug Court at this time. Your Committee will continue to monitor the State's revenues and, depending upon availability of resources, will consider funding additional requests during the conference period.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 808, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 808, H.D. 1.

Signed by all members of the Committee except Representative Nishimoto.

SCRep. 864 Finance on H.B. No. 1300

The purpose of this bill is to provide the necessary appropriations for the operation of the Office of Hawaiian Affairs (OHA) for fiscal biennium 2003-2005.

OHA and a concerned individual testified in support of this bill.

Your Committee recognizes the role and responsibilities of OHA in providing programs and services for its beneficiaries and appreciates the efforts of OHA's Board of Trustees in submitting a biennium budget proposal that addresses the needs of the Hawaiian community. Your Committee also appreciates OHA's desire to be treated on an equal level with all other state departments.

In deliberating on this and other bills affecting the State's finances, your Committee seriously considered the impact of lower revenue projections and the possibility of a conflict in the Middle East. At the same time, your Committee is aware that across-the-board reductions are being absorbed by all executive departments and, therefore, has taken a conservative approach in developing OHA's biennium budget.

On January 8, 2003, OHA presented a biennium budget at a joint hearing of the Senate Ways and Means Committee and House Finance Committee. At this hearing, OHA requested \$2,532,647 in general funds and \$4,029,866 in trust funds to be expended for fiscal biennium 2003-2005.

On January 16, 2003, OHA's Board of Trustees approved a second, revised fiscal biennium budget requesting \$5,700,000 in general funds and \$1,275,905 in trust funds for fiscal year 2003-2004 and \$5,700,000 in general funds and \$1,190,898 in trust funds for fiscal year 2004-2005. This revised biennium budget was then presented at a joint hearing of the House Water, Land Use, and Hawaiian Affairs Committee and Senate Judiciary and Hawaiian Affairs Committee. This budget was submitted with the understanding that all positions within OHA, with the exception of the Board of Trustees, would now be funded through the State general fund.

In considering the second biennium budget proposed by OHA on January 16, 2003, your Committee recognized that as a result of the current fiscal situation, all executive departments were undergoing reductions to their respective budgets, with many departments taking a 5 percent reduction in fiscal years 2003, 2004, and 2005. Mindful of this situation, your Committee has amended this bill to reflect the original biennium budget presented by OHA on January 8, 2003.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1300, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1300, H.D. 2.

Signed by all members of the Committee except Representative Nishimoto.

SCRep. 865 Public Safety and Military Affairs on H.R. No. 21

The purpose of this resolution is to express concerns that recent actions by the federal government pose a threat to the human rights, civil liberties, and constitutional protections of the residents of this State.

Among other things, this measure:

- (1) Reaffirms the Legislature's commitment to the protection of human rights, civil liberties, and constitutional protections of all residents of this State, including those who are citizens of other nations;
- (2) Requests Hawaii's Congressional delegation to work for the repeal of the USA PATRIOT Act, the Homeland Security Act, as well as executive orders and rules that violate human rights and civil liberties; and
- (3) Calls on federal and county law enforcement officials in the State to not engage in law enforcement activities that threaten the human rights, civil liberties, and constitutional protections of people residing in this State.

Testimony in support of this measure was submitted by the Hotel Employees and Restaurant Employees, Local 5, AFL-CIO, Hawaii State AFL-CIO, ILWU Local 142, American Civil Liberties Union of Hawaii, Life of the Land, the Oahu County Committee of the Democratic Party of Hawaii, Hawaii Labor Against the War, Mestizo Association, First Christian Church of Honolulu, Hawaiian Political Action Council of Hawaii, and several individuals.

While federal laws such as the USA PATRIOT Act and the Homeland Security Act are aimed at saving our human rights, civil liberties, and constitutional protections, they run the serious risk of destroying the very freedoms that they purport to protect through invasive surveillance, secret searches, and so forth.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 21 and recommends that it be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives M. Oshiro and Pendleton.
(Representative Moses voted no.)

SCRep. 866 Public Safety and Military Affairs on H.C.R. No. 20

The purpose of this concurrent resolution is to express concerns that recent actions by the federal government pose a threat to the human rights, civil liberties, and constitutional protections of the residents of this State.

Among other things, this measure:

- (1) Reaffirms the Legislature's commitment to the protection of human rights, civil liberties, and constitutional protections of all residents of this State, including those who are citizens of other nations;
- (2) Requests Hawaii's Congressional delegation to work for the repeal of the USA PATRIOT Act, the Homeland Security Act, as well as executive orders and rules that violate human rights and civil liberties; and
- (3) Calls on federal and county law enforcement officials in the State to not engage in law enforcement activities that threaten the human rights, civil liberties, and constitutional protections of people residing in this State.

Testimony in support of this measure was submitted by the Hotel Employees and Restaurant Employees, Local 5, AFL-CIO, Hawaii State AFL-CIO, ILWU Local 142, American Civil Liberties Union of Hawaii, Life of the Land, Americans for Democratic Action/Hawaii, the Oahu County Committee of the Democratic Party of Hawaii, Hawaii Labor Against the War, Mestizo Association, First Christian Church of Honolulu, Hawaii Pro-Democracy Initiative, Hawaiian Political Action Council of Hawaii, and several individuals.

While federal laws such as the USA PATRIOT Act and the Homeland Security Act are aimed at saving our human rights, civil liberties, and constitutional protections, they run the serious risk of destroying the very freedoms that they purport to protect through invasive surveillance, secret searches, and so forth.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 20 and recommends that it be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives M. Oshiro and Pendleton.
(Representative Moses voted no.)

SCRep. 867 International Affairs on H.R. No. 34

The purpose of this resolution is to request Congress to end the "global gag rule" imposed on international family planning organizations.

The "global gag rule" was originally created by executive order of President Ronald Reagan in 1984 and prohibits the United States from funding non-governmental organizations that provide legal abortion services, lobby their own governments for abortion law reform, or even provide accurate medical counseling or referrals regarding abortion, even if no United States money is used for those purposes.

The Hawaii State Commission on the Status of Women, Planned Parenthood of Hawaii, Life of the Land, and an individual testified in support of this resolution.

Your Committee finds that the "global gag rule" undermines the constitutional right to free speech, undercuts our foreign policy, and discriminates against a women's right to seek an abortion. Legislation is currently pending in Congress to remove the "global gag rule" and permit non-governmental organizations to provide appropriate and legal family planning services and information in their home countries.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 34 and recommends that it be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Takai, Kahikina, Nishimoto and Stonebraker.
(Representative Finnegan voted no.)

SCRep. 868 International Affairs on H.C.R. No. 29

The purpose of this concurrent resolution is to request Congress to end the "global gag rule" imposed on international family planning organizations.

The "global gag rule" was originally created by executive order of President Ronald Reagan in 1984 and prohibits the United States from funding non-governmental organizations that provide legal abortion services, lobby their own governments for abortion law reform, or even provide accurate medical counseling or referrals regarding abortion, even if no United States money is used for those purposes.

The Hawaii State Commission on the Status of Women, Planned Parenthood of Hawaii, Life of the Land, and an individual testified in support of this concurrent resolution.

Your Committee finds that the "global gag rule" undermines the constitutional right to free speech, undercuts our foreign policy, and discriminates against a women's right to seek an abortion. Legislation is currently pending in Congress to remove the "global gag rule" and permit non-governmental organizations to provide appropriate and legal family planning services and information in their home countries.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 29 and recommends that it be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Takai, Kahikina, Nishimoto, Stonebraker, Ito, M. Oshiro and Pendleton.
(Representative Finnegan voted no.)

SCRep. 869 International Affairs on H.R. No. 53

The purpose of this resolution is to urge the United States Congress to eliminate state and local cost share requirements for homeland security grants.

The Department of Defense and the Hawaii Government Employees Association testified in support of this resolution.

Hawaii and its counties have already expended substantial portions of their limited financial resources to implement new security measures to protect our residents against foreign and domestic terrorism. Congress has indicated that future federal grants and funding may be made available to the states for homeland security, but on a matching cost-share basis. Your Committee, however, recognizes that any matching fund requirement may be an obstacle for the State to meet due to its current economic situation.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 53 and recommends that it be referred to the Committee on Finance.

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

SCRep. 870 International Affairs on H.C.R. No. 50

The purpose of this concurrent resolution is to urge the United States Congress to eliminate state and local cost share requirements for homeland security grants.

The Department of Defense and the Hawaii Government Employees Association testified in support of this concurrent resolution.

Hawaii and its counties have already expended substantial portions of their limited financial resources to implement new security measures to protect our residents against foreign and domestic terrorism. Congress has indicated that future federal grants and funding may be made available to the states for homeland security, but on a matching cost-share basis. Your Committee, however, recognizes that any matching fund requirement may be an obstacle for the State to meet due to the current economic situation.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 50 and recommends that it be referred to the Committee on Finance.

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

SCRep. 871 International Affairs on H.R. No. 33

The purpose of this resolution is to request Congress to fully fund the Millennium Challenge Account and involve women as full and active participants in economic development assistance programs in their nations.

The Hawaii State Commission on the Status of Women and Life of the Land testified in support of this resolution.

In March 2002, President George W. Bush unveiled the Millennium Challenge Account, a plan to significantly increase development assistance to the poor and developing countries by an additional \$10,000,000,000 in foreign assistance over fiscal years 2004-2006. Your Committee finds that it is critical that initiatives and programs funded through the Millennium Challenge Account include activities that enable women to plan active roles in the economic and civic activities of their countries.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 33 and recommends its adoption.

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

SCRep. 872 International Affairs on H.C.R. No. 28

The purpose of this concurrent resolution is to request Congress to fully fund the Millennium Challenge Account and involve women as full and active participants in economic development assistance programs in their nations.

The Hawaii State Commission on the Status of Women and Life of the Land testified in support of this concurrent resolution.

In March 2002, President George W. Bush unveiled the Millennium Challenge Account, a plan to significantly increase development assistance to the poor and developing countries by an additional \$10,000,000,000 in foreign assistance over fiscal years 2004-2006. Your Committee finds that it is critical that initiatives and programs funded through the Millennium Challenge Account include activities that enable women to plan active roles in the economic and civic activities of their countries.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 28 and recommends its adoption.

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

SCRep. 873 International Affairs on H.R. No. 38

The purpose of this resolution is to support the Pacific Basin Economic Council (PBEC) and urge it to maintain its headquarters here in Hawaii.

The Department of Business, Economic Development, and Tourism, PBEC, and a member of the PBEC testified in support of this resolution.

PBEC is an association of senior business leaders from 1,100 companies in 20 different areas throughout the Pacific Basin region. In 1992, PBEC moved its headquarters from the mainland to Hawaii. PBEC is currently considering moving its headquarters to Asia.

Your Committee believes, however, that Hawaii is an ideal location to conduct international business discussions, transactions, and conferences. Your Committee further believes that PBEC's presence in Hawaii will further reinforce the State's status as the center of international business activity.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 38 and recommends its adoption.

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

SCRep. 874 International Affairs on H.C.R. No. 35

The purpose of this concurrent resolution is to support the Pacific Basin Economic Council (PBEC) and urge it to maintain its headquarters here in Hawaii.

The Department of Business, Economic Development, and Tourism, PBEC, and a member of the PBEC testified in support of this concurrent resolution.

PBEC is an association of senior business leaders from 1,100 companies in 20 different areas throughout the Pacific Basin region. In 1992, PBEC moved its headquarters from the mainland to Hawaii. PBEC is currently considering moving its headquarters to Asia.

Your Committee believes, however, that Hawaii is an ideal location to conduct international business discussions, transactions, and conferences. Your Committee further believes that PBEC's presence in Hawaii will further reinforce the State's status as the center of international business activity.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 35 and recommends its adoption.

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

SCRep. 875 International Affairs on H.R. No. 55

The purpose of this resolution is to authorize the establishment of a sister state-prefecture relationship between Hawaii and the Ehime prefecture of Japan.

The Department of Business, Economic Development, and Tourism, Hawaii Winter Baseball, Babe Ruth Baseball of Hawaii, Hiroshima-Hawaii Baseball Club, and two individuals testified in support of this resolution.

Your Committee finds that the tragic accident involving the Ehime Maru training ship has brought the residents of Hawaii and the Ehime prefecture closer together. Your Committee further finds that the establishment of a sister state-prefecture relationship will encourage economic, cultural, and educational exchanges between Hawaii and the Ehime prefecture.

Your Committee has amended this resolution by:

- (1) Correcting the date of the Ehime Maru accident to February 9, 2001;
- (2) Providing that this state-prefecture relationship shall continue until July 1, 2008; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on International Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 55, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 55, H.D. 1.

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